

Table of Contents for Appendices to Chapter Nine

Link to HUD Form 92273-S8	3
Instructions for Completing the HUD Form 92273-S8	4
Required Contents for Rent Comparability Study	19
Comparable Project Profile	24
RCS Appraiser Certification	25
Sample for RCS Appraiser's Transmittal Letter	26
Special Exceptions under Mandatory Rent threshold	28
Sample Owner's Cover Letter & Owner's Checklist	31
Link to Sample RCS	33
Request to Renew Using FMRs as Market Ceiling	34
Request to Renew Using Non-Section 8 Units in the Section 8 Project as a Market Rent Ceiling	35
Link to Initial Screening Checklist	37
Link to Detailed Screening Checklist	38
Link to Rent Grid Analysis Checklist	39
Notes for Rent Grid Analysis and Triggers for Second Review	40
Link to Certification of Substantive Reviewer	44
Sample for Issues Memo from Substantive Reviewer	45
Special Project Types	46

24

25

26

27

Appendix 9-1

28

Guidance for RCS Appraisers

29

30 9-1-1: Link to HUD Form 92273-S8

31 9-1-2: Instructions for completing the HUD Form 92273-S8

32 9-1-3: Required Content for Rent Comparability Study

33 9-1-4: Comparable Project Profile

34 9-1-5: RCS Appraiser's Certification

35 9-1-6: Sample for RCS Appraiser's Transmittal Letter

Link to HUD Form 92273-S8

[Link] to Rent Grid (HUD 92273-S8)

Instructions for Completing the HUD Form 92273-S8

Rent Grid: RCS appraisers must use the Rent Grid (HUD 92273-S8) for preparing an RCS to estimate “market” rents for the subject project. A Rent Grid provides a tool for documenting the characteristics of the subject and the comparables, and the adjustments made for differences between a comparable and the subject. The Rent Grid is comprised of seven parts, and this Appendix includes “line-by-line instructions” for populating each data column under the forty six line items on the Rent Grid.

RCS appraisers must review and comply with the guidance provided in Sections 9-8 through 9-13 of Chapter Nine, and the instructions provided below before preparing a Rent Grid:

- A. General Instructions
- B. Instructions for HUD’s Excel Based Rent Grid
- C. Line by Line Instructions

A. GENERAL INSTRUCTIONS

1. **Prepare a separate Rent Grid for each *primary* Section 8 unit type.** The RCS appraiser should review Section 9-9.A. for guidance on classifying unit types as primary or secondary. For any secondary unit types, RCS appraisers need not complete a separate rent grid.
2. **Complete all lines of the Rent Grid.** The RCS appraiser must show all comparables for one unit type on one Rent Grid. The RCS appraiser must enter the comparable’s name and address at the top of each column, fill in all lines of the Grid’s data columns, even if no adjustment is made on a line. The RCS appraiser must use the specific letter codes listed in line items #8 and #9 under Section C of this Appendix. If a project has other characteristics that would affect the rent that the project could command in the subject’s market area, then the RCS appraiser may use blank lines (Lines 22 and 23) to capture these other characteristics.
3. **Make adjustments to comparable’s rents.** Not all of the characteristics will affect rents. Local market conditions will dictate if, when and how much of an impact each characteristic will have upon rent. The RCS appraiser is required to make adjustments only for differences in characteristics that would affect the amount of rent that prospective tenants in the subject’s market area are willing to pay. The RCS appraiser must display all adjustments in dollar amounts. The RCS appraiser may leave adjustment entries blank (not zero) if local tenants would not pay for the difference shown on that line.
4. **Provide narrative explanations.** The RCS appraiser must attach a narrative explaining *why* each adjustment was made and *how* the dollar value of the adjustment was derived for all adjustments exceeding a *nominal amount* (as defined in Section 9-12.C.2.).
 - a. The RCS appraiser must prepare a separate set of explanations for each Grid. If an

1 explanation applies to more than one comparable, the RCS appraiser may refer back
2 to that explanation rather than repeating it each time. For example, the location
3 adjustment for Comparable Y was estimated for the same reason and in the same way
4 as for Comparable X.

- 5 b. The RCS appraiser must include the following two additional narrative explanations,
6 if applicable, required for the estimated market rent (Line 46 of the instructions): 1)
7 how the market rent was derived from the comparables' adjusted rents; and 2) how a
8 primary unit type's market rent was adjusted to derive a market rent for a secondary
9 unit type.

- 10 5. **Pay particular attention to special issues.** The following are some of the issues and
11 errors that are commonly noted by substantive reviewers. RCS appraisers must pay
12 special attention to the guidance in this Appendix when making adjustments for these line
13 items. The issues listed below are not in any order of occurrence or importance.

Line Item	Topic	Common Errors
#1	Rent Restricted	RCS shows dollar adjustment made for the fact that a rent is restricted.
#4	Occupancy %	RCS shows adjustment made for occupancy differential due to factors other than the project's rent level.
#8-9	Condition/Street Appeal/Neighborhood	RCS shows inconsistent adjustments for same rating levels. For instance, Comparable X rated "E" is adjusted downward by \$20, while Comparable Y which is also rated "E" is adjusted downward by \$15. Also, RCS appraiser uses rating levels such as "G+" or "G-", as opposed to complying with the five-point scale provided in this Appendix.
#10	Comparables from outside the subject's market area	RCS shows adjustment for comparables in a different market area, when market evidence indicates that the difference in rent levels is not significant between the two market areas.
#13	Unit Interior Square Feet	RCS shows unit size adjustments for size differences of less than 25 square feet. Or, RCS shows adjustments for unit size differences without a corresponding narrative supporting the methodology used for deriving the adjustment amount.
#29-31	Non-Shelter Services	The total net adjustments for these line items exceeds \$30, without supporting market-based evidence regarding the value of these services.
#33-39	Utilities	The RCS shows an adjustment amount for these line items that exceeds the respective published housing authority allowance for that category.

B. Instructions for HUD's Excel-based Rent Grid

Before using HUD's Excel based Rent Grid, which can be downloaded at the link provided under Appendix 9-1-1, RCS appraisers must review the following instructions

1. **Worksheet is protected and locked.** Formulas in the worksheet cannot be altered. If the RCS appraiser tries to enter data in a formula cell, the RCS appraiser will receive an error message stating that the cells are locked and cannot be changed.
2. **Scrolling and entering data in the Worksheet.** The RCS appraiser may use the tab key to move horizontally within the print area of the worksheet. This will allow the RCS appraiser skip locked, formula cells and stop only at cells designed to receive data. As the RCS appraiser enters adjustments, Excel will automatically compute counts, sums or percentages on the form.
 - a. The Tab Key will navigate as described only if the Excel settings are configured to:
 - 1) *not* check the Transition Navigation Keys box; and 2) check the "Microsoft Excel Menus" button. The RCS appraiser may go to Tools-Options-Transition Tab to check settings.
 - b. As the RCS appraiser scrolls horizontally to the right, columns will shift left and be hidden behind Column C's row labels. This keeps line labels next to the data cells, making it easier to accurately load data. To view the hidden columns, the RCS appraiser may scroll back to the left. Similarly, rows will move up and disappear under the column headings as the RCS appraiser scrolls down. To bring the rows back into view, the RCS appraiser may scroll up.
3. **Creating a New Grid.** The "*Create New Grid*" button allows the RCS appraiser to simultaneously add a new unit type worksheet, label the tab at the bottom of the worksheet, and fill in the Unit Type box at the top of the worksheet. The RCS appraiser may enter different names/ labels for the tab and the unit type box on top.

If the "*Create New Grid*" button is used, the resulting worksheet will contain all of the data that was on the worksheet containing the button. The RCS appraiser may to edit any data that is not appropriate for the new unit type. For example, the RCS appraiser could:

 - a. Load just the project names and other identifying header data that will apply to most unit types and then use the "*Create New Grid*" button to create a worksheet for each unit type. The RCS appraiser could then load amenity and adjustment entries either individually on each sheet, by copying specific cells from one worksheet to another, or by clicking the control key and selecting multiple worksheets. When the control key option is used, data is entered simultaneously in the same cell location on all of the selected worksheets.
 - b. Fully complete one unit type worksheet, use the "*Create New Grid*" button to add another worksheet, and edit the resulting worksheet to change data that is not appropriate for the new unit type. ***The RCS appraiser must not forget to check any***

copied data.

- 4. Sign and Date the Form.** After completing the Rent Grid, the RCS appraiser must sign and date the form. The RCS appraiser must also indicate whether the Grid was prepared in Excel (with the computer running the calculations using HUD’s formulas). If the RCS appraiser used another approach (such as manual entry of data, which is discouraged by HUD), the RCS appraiser must note that on the bottom of the grid or at the end of narrative comments.

C. LINE BY LINE INSTRUCTIONS FOR PREPARING A RENT GRID

The guidance below provides line by line instructions to RCS appraisers for completing a Rent Grid. This guidance is organized by the seven parts (A through G) of a Rent Grid, covering forty-six line items.

Part A: Rents Charged (lines 1 through 5)

Before the rents for comparable units can be adjusted for differences from the subject, they must be adjusted for conditions at the comparable project itself. This section makes adjustments that are primarily internal to each individual comparable and produces an effective rent. Subsequent sections adjust each comparable’s effective rent by comparing the comparable to the subject project.

Line 1. \$ Last Rent/Restricted? In the “data” column, the RCS appraiser must enter the rent at which this unit type was last leased. This must be a rent that was actually paid; the RCS appraiser must not enter an asking rent which has not yet been achieved. In the adjustments column, the RCS appraiser must enter “Y” if the unit is rent restricted and “N” if it is not. Rent restricted units include those that are subject to rent control, rent stabilization or other restrictions on the unit rent. (e.g., LIHTC, HOME, HOPE VI, and 236/BMIR/Rural Development Section 515 units). The RCS appraiser must identify the specific reason for a yes answer in the narrative explanation of adjustments. Using a comparable from an affordable/restricted project should be only a “last resort”, as adjustments that would need to be made to line items 2 through 39 for a restricted comparable are inherently subjective.

Note: *The RCS appraiser must not make any dollar adjustments on this Line 1. Rent restricted units should be used as comparables only when they reasonably represent market rents.*

Line 2. Date Last Leased. In the data column, the RCS appraiser must enter the date (month/year) that unit type was most recently leased. This should be the date the most recent lease for the rent on Line 1 became effective. The RCS appraiser should make an adjustment here only if the rental market has changed significantly between the date on this line and the date of the RCS appraiser’s analysis. Adjustments here should be infrequent, as the RCS appraiser should be using only recent lease transactions to begin with. This adjustment may be needed when the comparable is at full occupancy and has had no turnover for an extended period. If market

conditions have not changed, the RCS appraiser should not adjust even if considerable time has elapsed since Line 1's rent became effective.

Line 3. Rent Concessions. The RCS appraiser should evaluate if the comparable is offering initial rent or renewal concessions. The RCS appraiser must enter "Y" or "N", and may enter a negative adjustment to reflect the value of the concession, as appropriate. The RCS appraiser must prorate the concession over the lease period. For example, the RCS appraiser would make a (\$33) adjustment for one month free on a 12-month lease (requiring 11 monthly rent payments), at \$400 /month. If the free month is instead offered as an add-on before or after 12 months of payments, the adjustment in this example would be less (\$31).

Line 4. Occupancy % for Unit Type. The RCS appraiser must consider only the unit type represented by the comparable. The RCS appraiser should enter the approximate percent of units in that type that are occupied as of the data collection date. The RCS appraiser must not enter occupancy for all unit types at the comparable. If the comparable's occupancy rate for the unit type under consideration is not typical of the comparable's market, the RCS appraiser must determine if the occupancy differential is due to the rent being set too high/ too low, or due to other factors.

1. If the occupancy gap is due to factors other than Line 1's rent level (e.g. condition or location), the RCS appraiser must not make an adjustment. The RCS appraiser should adjust only if the occupancy gap is clearly due to the rent level used on Line 1. If the comparable's occupancy for the unit type being studied is significantly lower than the typical occupancy rate for that unit type, the RCS appraiser should adjust negatively to indicate that the rent is too high. If the comparable's occupancy for the unit type being studied is significantly higher than the typical occupancy rate for that unit type, the RCS appraiser should make a positive adjustment.
2. If the property manager/other contact for a comparable is unwilling or unable to provide occupancy rates by unit type, the RCS appraiser should report overall occupancy for the comparable and note in the explanation for Line Item #4 that the occupancy rate is project-wide. If only overall occupancy is reported, an occupancy adjustment may be made only if the unit mix is such that the RCS appraiser can still conclude that the occupancy for the unit type is significantly different than market occupancy levels for that unit type. *Example:* If a project has 99% occupancy and 100 units (50 one-bedrooms, 50 two-bedrooms), it could still be concluded that the two-bedroom units being studied are at least 98% occupied. The RCS appraiser must explain how he/she arrived at that conclusion.
3. The occupancy adjustment is subjective, and thus it is not expected to be frequently used. Often, unusually low occupancy may have other explanations. For example, a low occupancy project may still be in initial absorption, or may be re-absorbing after a renovation or other unusual event. Conversely, an unusually high occupancy rate may be due to factors such as a high proportion of long-term tenants at below-market rates or the presence of Section 8 voucher tenants, even if new rental transactions there are being done at market rates. The use of an occupancy adjustment should thus be reserved for the specific situation where management is marketing units consistently at unusually low or high rental rates over a sustained period of time as a matter of policy, with measurable

impacts on project occupancy.

Line 5. Effective Rent and Rent/ Sq. Ft. The RCS appraiser must enter the sum of lines 2, 3, and 4. This yields an effective rent after age of the lease, occupancy, and rental concessions are taken into account. Excel based Rent Grids will automatically calculate the total rent. After the RCS appraiser enters the unit size in Part C, the form will also display the effective rent per square foot.

Part B. Design, Location, Condition (lines 6 through 10)

This section allows for comparison of the comparable to the subject in terms of design, materials, condition, location, and appeal. The total adjustments in this section should not exceed the value a typical tenant would place on these characteristics in the aggregate.

Line 6. Structure/ Stories. The RCS appraiser must enter the type of structure using, “E” for Elevator, “G” for Garden, “WU” for other walk-up, and “T” for townhouse. The RCS appraiser must follow the letters with a slant bar and the number of stories. For example, the RCS appraiser should enter “WU/3” for a three-story walk-up. The RCS appraiser should try to select comparables that have the same structure type as the subject. If the comparables have a different configuration than the subject, adjustment may be warranted based on market preferences. For instance, the RCS appraiser may make an adjustment for configuration differences such as townhome versus a stacked unit. The RCS appraiser must explain the basis for any adjustment exceeding \$10.

Line 7. Year built/Year renovated. The RCS appraiser must enter the year the project was built. If it has been renovated, the RCS appraiser should follow with a slant bar and the year the project was renovated. For example, 1939/70 would indicate that the project was built in 1939 and renovated in 1970. The RCS appraiser must make adjustments on this line if the effective age (the age indicated by the utility, quality of the structure, and major equipment) affects rental value. The RCS appraiser must consider if basic structures and major equipment have been replaced and whether baths and kitchens have been renovated. Typically, the RCS appraiser should not make any adjustments for age differences of just a few years. When the RCS appraiser chooses to make an adjustment, the amount for each year of age difference should typically be small (less than \$5 per year), or, alternatively, the RCS appraiser should make one adjustment for multiples of a fixed number of years of age difference. For example, each multiple of three years of age difference between the subject and the comparable would be assigned a certain dollar amount of adjustment.

Line 8. Condition/Street Appeal. It is mandatory for the RCS appraiser to rate the subject and each comparable according to a five-point scale: Excellent, Good, Average, Fair, or Poor. *No other classifications are acceptable.* For the subject, and every comparable, the RCS appraiser must enter “E” for excellent, “G” for good, “A” for average, “F” for fair, or “P” for poor. If the design of the building or the street appeal of the project would affect the rents it can command, the RCS appraiser must adjust appropriately. The RCS appraiser should consider the overall appearance of the project, such as whether or not the grounds are clean, whether or not the landscaping is well maintained, and whether or not the paint and siding are in good condition.

Other considerations would be whether the architecture of the buildings and layout of the site are appealing (open space, shrubbery, etc.). In summary, the RCS appraiser must evaluate whether the comparable's condition/street appeal could cause tenants to pay more or less than they would pay at the subject.

A rating for "Condition/Street Appeal" of the comparable project that is the same as the rating for the subject project would mean that the RCS appraiser must not make any adjustment to the comparable project. The dollar amount of adjustment corresponding to any of the four other ratings would mean that an adjustment would need to be made to the respective comparable. The dollar amount of adjustment for each respective rating must be the same across each line on the same Form 92273-S8. *Example:* If one comparable that is rated "E" for "Condition/Street Appeal" is adjusted downward by \$20 because the subject is rated "G", any other comparable also rated "E" for "Condition/Street Appeal" would need to likewise be adjusted downward by \$20.

***Note:** Take care not to duplicate adjustments made on line 7. Adjustments made on lines 7 and 8 should not add to more than the adjustment that would be made if the project characteristics referenced on Lines 7 and 8 were considered as a single adjustment.*

Line 9. Neighborhood. The RCS appraiser must rate the subject and each comparable according to a five-point scale: Excellent, Good, Average, Fair, or Poor. *No other classifications are acceptable.* For the subject, and every comparable, the RCS appraiser must enter "E" for excellent, "G" for good, "A" for average, "F" for fair, or "P" for poor. The entry should reflect the market's reaction to location features that affect rental values. For example, neighborhood desirability; nuisances such as street noise; nearby land uses; crime volume; and access (time/distance) to schools, transportation, shopping, recreation, and medical and employment centers. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) specifically requires that neighborhood (including risk of crime), location and access be considered.

A rating for Neighborhood of the comparable project that is the same as the rating for the subject project would mean that the RCS appraiser must not make any adjustment to the comparable project. The RCS appraiser must ensure that the dollar amount of adjustment corresponding to each of the four ratings needing adjustment is the same across each line on the same Form 92278-S8. *Example:* If one comparable that is rated "F" for "Neighborhood" is adjusted upward by \$15 because the subject project is rated "A", any other comparable also rated "F" for "Neighborhood" would need to likewise be adjusted upward by \$15.

The RCS appraiser must note that HUD FHEO guidelines prohibit negative adjustments based solely on the racial, ethnic, religious mix of projects or their surrounding areas or other discriminatory criteria. RCS appraiser's adjustments must be based on objective, quantifiable factors.

Line 10. Same Market? Miles to Subject? The RCS appraiser must enter "Y" or "N", depending on whether the comparable is located in the same market area as the subject. The RCS appraiser must follow the entry with a slant bar, and the distance between the comparable and the subject in miles. If the comparable is in a different market area, the RCS appraiser must collect quantitative data to compare the rent levels in the two market areas. The RCS appraiser must

adjust for any significant difference in rental costs between the two market areas and explain how he/she computed the adjustment. If the comparable is in a different market area and the RCS appraiser chooses to not adjust it for the different market location, the RCS appraiser must explain *why*.

Part C. Unit Equipment/Amenities (lines 11 through 23)

This section details specifics about the unit and its equipment and amenities. The RCS appraiser should use the blank line to add unit amenities or equipment that aren't listed but significantly affect the rent a tenant would pay. Total adjustments made for this Part should not exceed the value a typical tenant would place on all unit amenities.

Line 11. # Bedrooms. The RCS appraiser must enter the number of bedrooms in the unit. The RCS appraiser can use "0" for efficiencies. If a comparable and the subject have a different number of bedrooms, the RCS appraiser must explain in the narrative why he/she selected a comparable of a different bedroom type.

Line 12. # Baths. The RCS appraiser must enter the number of bathrooms in the unit. The RCS appraiser may use decimals to represent partial baths. *Example:* The RCS appraiser may enter 1.5 to indicate one full bath and one bath with a toilet and sink, but no tub or shower stall.

Line 13. Unit Interior Sq. Ft. The RCS appraiser must enter the rentable interior square footage of the unit. The RCS appraiser should not include balconies, mechanical areas or other non-living spaces. The RCS appraiser must explain: a) how the square footage of the subject was derived and how it corresponds to the square footage of the comparables; and b) the method used to determine the size adjustment. RCS appraisers must not adjust for size differences of less than 25 square feet. *Example:* a difference of 50 square feet in the case of a 500 square feet one-bedroom might be worth a different amount to prospective tenants than a 50 square feet difference in the case of an 800-square foot, two-bedroom unit.

***Note:** Even for size differences exceeding 25 square feet, the RCS appraiser should adjust only if, and to the extent, the subject's market values a size difference. Some markets may not value small size differences and a difference in size may not increase the market value of a larger unit to the same degree that it might for a smaller unit.*

Line 14. Balcony/Patio. The RCS appraiser should consider if the unit has a balcony or a patio, and enter "Y" or "N", as appropriate. While an adjustment greater than a nominal amount may be justified in certain markets (e.g., resort area, warm climate), the RCS appraiser must explain the basis for any adjustment that exceeds \$10.

Line 15. AC: Central/Wall. The RCS appraiser should use this line item to reflect the type of cooling equipment in the unit, using "C" for central, "W" for wall unit, or "N" for none. The RCS appraiser is required to adjust only for the value of having AC equipment and for differences in the type of equipment (wall, central, etc.). The RCS appraiser should not adjust for the cost of running the air conditioner, which should be captured under Line 34 below. Adjustment for type of AC will typically be nominal (not exceeding \$10). The RCS appraiser must explain the basis for dollar amount chosen that exceeds \$10 in the underlying narrative, and

whether the RCS appraiser utilized a paired comp analysis or interviewed knowledgeable sources.

Line 16. Range /Refrigerator. The RCS appraiser must enter “R” for range, “F” for refrigerator, or “RF” if the unit has both appliances. If neither is present, the RCS appraiser must enter “N”. It is not uncommon in some markets for tenants to need to provide their own refrigerator; the corresponding adjustment should not exceed the monthly cost of a rental.

Line 17. Microwave/ Dishwasher. The RCS appraiser must enter “M” for microwave, “D” for dishwasher, or “MD” if the unit has both appliances. If neither is present, the RCS appraiser must enter “N”. The adjustments here should be nominal, typically not exceeding \$10 for each item.

Line 18. Washer/Dryer. If there is a washer/dryer hookup in the unit but the owner supplies neither appliance, the RCS appraiser must enter “HU.” If the appliances are provided in the unit, the RCS appraiser must enter “W” for washer, “D” for dryer or “WD” for both. If there is a common laundry area in the project, the RCS appraiser must enter “L”. If the project offers no laundry facilities, hookup, or appliances in the unit, the RCS appraiser must enter “N”. The adjustment for a unit where the owner provides hookups, but not the washer-dryer machines, should not exceed the monthly cost of the machine rental.

Line 19. Floor Coverings. The RCS appraiser must indicate the predominant floor covering in the unit, using “V” for vinyl, “W” for wood, and “C” for carpet. The RCS appraiser is required to only adjust for type of floor covering if there is evidence, based on the experience of property managers and leasing agents, that one type of floor covering is more valued in the project’s market than other types.

Line 20. Window Coverings. If the unit is rented with window treatments, the RCS appraiser must enter “B” for blinds or “S” for shades or “D” for drapes. If the unit is rented without window coverings of any kind, the RCS appraiser must enter “N” for none. RCS appraisers are required to only adjust for type of owner-provided window covering, if there is evidence, based on the experience of property managers and leasing agents, that one type of window covering is more valued in the project’s market than other types.

Line 21. Cable/Satellite/Internet. The RCS appraiser must enter “C” for cable TV, “S” for satellite TV, and “I” for Internet access. If the project has more than one of these amenities, the RCS appraiser must enter all the corresponding letters. For example, “CSI” would indicate a project that offers all of these amenities. The RCS appraiser should consider whether the project merely offers *access* to the services or whether it offers the service itself *as part of the rent*. If only access is offered, the RCS appraiser must adjust based on market value attributable to availability of the service. If the service is included in the base rent, the RCS appraiser should reflect the value of both access to and provision of the service. If the owner provides access to the service but tenant pays the monthly cost of said service, the amount of adjustment should not exceed the published monthly fees.

Line 22. Special Features. The RCS appraiser should use this line to adjust for items that are valued in the project’s market, based on the experience of property managers and leasing agents, but not listed above. For example, views, fireplaces, vaulted ceiling, partial ceramic tile flooring

(in entryway, kitchen, or bath). The RCS appraiser must enter “VW” for view, “F” for fireplace, “VC” for vaulted ceiling, or “CT” for ceramic tile. If the unit has safety bars, ramps, or other features to improve access for elderly or persons with disabilities, the RCS appraiser should enter “A”.

Lines 23. Blank line. The RCS appraiser should use this line to add a unit amenity that is not listed but significantly affects the rent a tenant would pay. The RCS appraiser must describe the amenity on the line provided and make dollar adjustments as appropriate.

Part D. Site Equipment/Amenities (lines 24 through 32)

This section details specifics about the project and its amenities. The RCS appraiser should use the blank line #32 to add site amenities that are not listed but affect the rent a tenant would pay. Total adjustments in this Part should not exceed the total value a typical tenant would place on all amenities in this Part.

Line 24. Parking (\$ Fee). The RCS appraiser must enter “L” for lot parking, “G” for garage, and “CP” for covered parking, followed by a slant bar and the amount of the additional charge, if any, the tenant pays for the service. If there is no charge, the RCS appraiser should enter “0”. Adjustments for the presence of a garage or carport should relate to local market demand for parking at similar unit/project types. The RCS appraiser must consider adequacy of parking at the subject or comparable projects when making adjustments. If on-site parking is inadequate, the RCS appraiser should comment on the availability and adequacy of on-street parking. What constitutes adequate parking will vary according to the location of the project and the type of tenancy. If tenants pay for parking outside of rent, the RCS appraiser should adjust based upon the market value of having the parking available. If the parking is included in the rent, the RCS appraiser must reflect the value of the parking itself. In summary, the parking line item can include as many as three related but distinct types of adjustments: (i) whether parking on site is *available*, (ii) the *cost* of the parking that is available, and (iii) what *type* of parking facility is provided (open lot, garage, covered). The RCS appraiser must explain which categories are being adjusted for under this line item, and also the basis for the adjustments.

Example: The same Rent Grid may contain all the following adjustments on parking. Comparable A is an older project and has a below-market parking ratio, and accordingly puts new tenants on a waiting list for reserved spaces. Tenants without reserved spaces compete for the limited number of unassigned spaces, and may need at times, to park on the street instead of on-site. The upward adjustment to Comparable A is for *availability* of parking. Comparable B offers assigned unsecured parking similar to the subject, but charges \$60 monthly, while the subject offers one free reserved space to each tenant household. The upward adjustment to Comparable B is for the *cost* of the monthly parking. Comparable C, a newer project, offers a secured garage space to each tenant household. The downward adjustment to Comparable C accounts for the superior *type* of parking facility offered.

Line 25. Extra Storage. The RCS appraiser must enter “Y” or “N” indicating whether tenants are provided with additional storage space. This may include extremely large or functional closets or outside storage. Before adjusting for any storage inside the unit, the RCS appraiser

must ensure that any adjustment for unit size did not already capture that value. Also, when adjusting for this line item, RCS appraisers must distinguish between *availability* of storage versus *cost* of storage. An adjustment based on *cost* rather than *availability* would be the case where the subject project offers ancillary storage for no charge while the comparables charge for a similar sized storage unit.

Example: If the subject offers no ancillary storage while Comparable A offers storage units at market rents, then Comparable A needs to be adjusted downwards if tenants value the convenience of on-site storage.

Line 26. Security. The RCS appraiser must enter “Y” or “N”, and must describe and evaluate the subject’s security features, such as locked exterior doors with intercom, on-site security guards, secured site access, and exterior/corridor lighting. Only those features that tenants value and thus impact rent must be compared to the comparables and appropriately adjusted.

Line 27. Clubhouse/Meeting Rooms/Dining Rooms. The RCS appraiser must enter “C” for clubhouse, “MR” for meeting rooms, and “DR” for dining room. If the project has none, the RCS appraiser should enter “N”.

Line 28. Pool/Recreation Areas. The RCS appraiser must enter “P” for pool, “E” for exercise rooms, or “R” for other recreation facilities such as playgrounds, volleyball or basketball courts. The RCS appraiser must be sure to describe the type of recreation facilities in the underlying narrative description of adjustments. If any adjustment amount here exceeds the \$10 threshold, which is possible in some resort or warm climate markets, the RCS appraiser must explain the basis for all adjustments made under this line item.

Important Note for Lines 29, 30, 31, and 32: Appraisers must assess the value of *all* non-shelter services offered, and whether or not the services are paid by the project, the tenant or other sources. More specifically, the RCS appraisers must note the following:

1. Even services offered for a charge may have value if the market values the *availability*.
2. Generally, services *included in the rent* or funded from sources other than tenant charges should be more valuable than services offered to residents for an extra charge.
3. RCS appraisers must explain the basis and rationale for any adjustments made under Lines 29, 30, 31 and 32. The *total net adjustments* for Lines 29, 30, 31 and 32, should not exceed \$30, as it is unusual for a project to offer more than two or three distinct categories of non-shelter services.

Line 29. Business Center/Neighborhood Network. If the project has a business center offering office services such as copying and faxing, the RCS appraiser must enter “BC.” If the project has a HUD sponsored Neighborhood Network, the RCS appraiser must enter “NNW”, or “N” for neither. In the absence of specific evidence of the value of Business Centers or Neighborhood Networks in the subject’s market area, the maximum adjustment to rental comparables that do not provide a respective non-shelter service should be nominal, up to \$10 for each service lacking. RCS appraisers must review the “**Important Note**” above pertaining to Lines 29, 30, 31 and 32.

Line 30. Service Coordination. The RCS appraiser must identify if the project has a service coordinator who helps residents access social services, health care or resources for meeting other needs, and enter “Y” or “N” on this line item accordingly. In the absence of specific evidence of the value of a Service Coordinator in the subject’s market area, the maximum adjustment to rental comparables that do not provide this respective non-shelter service should not exceed \$10. RCS appraisers must review the “*Important Note*” above pertaining to Lines 29, 30, 31 and 32.

Line 31. Non-Shelter Services. The RCS appraiser must enter “M” for meals, “T” for transportation, “EC” for emergency call systems, “H” for housekeeping, and “L” for laundry service or “N” for none. The RCS appraiser must record and fully describe (in the underlying narrative explanations) any other services provided for the elderly or persons with disabilities. In the absence of specific evidence of the value of any of those non-shelter services in the subject’s market area, the adjustment to rental comparables that do not provide the respective non-shelter services should be up to \$10 for each service lacking. RCS appraisers must review the “*Important Note*” above pertaining to Lines 29, 30, 31 and 32.

Lines 32. Blank. The RCS appraiser should populate this line to capture features such as Neighborhood Networks-type programs or other types of social support programs provided by sources other than HUD. In the absence of specific evidence of the value of such support programs in the subject’s market area, the maximum adjustment to rental comparables that do not provide this respective non-shelter service should not exceed \$10. RCS appraisers must review the “*Important Note*” above pertaining to Lines 29, 30, 31 and 32.

Part E. Utilities (lines 33 through 39)

Lines 33 through 39. Since tenants make housing choices based upon total shelter cost (rent + utilities), estimated outlays for utilities reduce, dollar for dollar, the amount a prospective tenant is willing to pay for rent. If a utility is included in the subject’s rent, but not in the rent of the comparable (or vice versa), the RCS appraiser must estimate the *rental value* of that utility and adjust accordingly. For projects with typical utility costs, the ‘*rental value*’ is probably close to what prospective tenants would expect to pay. However, for projects with unusually low utility costs, prospective tenants initially may overestimate utility costs, putting rental value slightly above actual cost. For projects with unusually high utility costs, the reverse may be true. Prospective tenants initially may underestimate utility outlays, causing rental value to be less than utility costs they actually incur following move-in.

For lines 33 through 39, the RCS appraiser must enter “Y” if the service is included in the rent and “N” if it is not. The RCS appraiser must follow the Y or N entry with a slant bar and the energy source for the utility addressed on that line. If the project does not have a utility listed here, the RCS appraiser may leave the space blank. “Other Electric” on line 37 includes the cost of electricity for things not listed separately on the form (e.g., lights and outlets).

When making adjustments on lines 33 through 39, the RCS appraiser must consider if a utility is:

1. excluded from the comparable rent but included in the subject rent, the RCS appraiser must enter a positive adjustment that reflects the amount prospective tenants would reasonably expect to pay for that utility at the comparable.

2. included in the comparable rent but not the subject rent, the RCS appraiser must enter a negative adjustment that reflects what prospective tenants would reasonably expect to pay for that utility at the subject. Since tenants make housing choices based upon total shelter cost (i.e., rent + utilities), estimated outlays for utilities reduce the amount a prospective tenant is willing to pay for rent.
3. included in the rent at both the subject and the comparable, a prospective tenant would probably perceive these as equal choices even if the energy sources (gas, electric, or oil) differ, and no adjustment would usually be needed by the RCS appraiser. However, if the RCS appraiser has evidence that the type of utility affects tenant preferences and rents, then the RCS appraiser may consider adjustments for tenant preferences. *Example:* Tenants may prefer gas over electric heat in severely cold locations. Such adjustments, when applicable, should not exceed \$10; the RCS appraiser needs to explain any adjustment exceeding that amount.

The RCS appraisers may use any reasonable method to value expected utility outlays, but must identify the *method used* and explain *how the dollar adjustment* was derived. Some data sources commonly used to value utility adjustments are listed below.

1. Regional Utility allowances published by independent public agencies. When using this source as the basis of adjustment in any utility item, RCS appraisers must be mindful that such published allowances typically represent the very high end of a reasonable range for each respective utility item.
2. Data gathered from utility providers.
3. Data gathered from tenants and landlords.
4. A HUD/CA approved utility allowance if the type of service and building attributes considered in developing the utility allowance are similar to the comparable being adjusted.

Part F. Adjustments Recap (lines 40 through 43)

This section calculates both the number and dollar value of adjustments, both before and after utility adjustments. HUD's Excel form automatically calculates these items.

Line 40. Number of Adjustments B through D. Excel calculates the total number of positive and, separately, negative adjustments made to each comparable for items in Parts B through D.

Line 41. Sum of Adjustments B through D. Excel calculates the total dollar amount of positive and, separately, negative adjustments made to each comparable for items in Parts B through D.

Line 42. Sum of Utility Adjustments. Excel calculates the total dollar amount of positive and, separately, negative adjustments made to each comparable for the utility items in Part E of the form.

Line 43 Net/Gross Adjustments B to E. Excel calculates the net adjustments, which is the addition of the four entries (positive and negative) on Lines 41 and 42. This line also shows the gross adjustments, which is obtained by adding the positive entries on Lines 41 and 42 to the absolute value of the negative entries on those lines.

Part G. Adjusted Rents (lines 44 through 45)

HUD's Excel form automatically calculates these items, except for Line 46. RCS appraisers do not need to compute entries for Lines 44 and 45 manually.

Line 44. Adjusted Rent. Excel computes this line by adding the net adjustments (Line 43) to the *Effective Rent* (Line 5) to derive an adjusted rent for each comparable.

Line 45. Adjusted Rent/Last Rent. Excel computes this line by dividing the Adjusted Rent (Line 44) by the Last Rent (Line 1) and expresses the answer as a percent. This shows the impact of all adjustments made for all Parts of the form. The totals in Part F do not include the adjustments in Part A.

Line 46. Estimated Market Rent. In this line, the RCS appraisers will determine, using their professional judgment, the point in the range of adjusted rents that best represents the rent a knowledgeable tenant would most probably pay for that unit type at the subject. HUD's Excel form will divide that rent by the square footage shown for the subject in Part C to compute estimated market rent per square foot. When entering the estimated market rent, the RCS appraiser must explain the points listed below. The RCS appraiser is required to present these explanations immediately after his/her comments on Item 46. RCSs without these explanations will be rejected by the substantive reviewer.

1. **How the estimated market rent was derived from comparables' adjusted rents.** The RCS appraiser must explain *how* the estimated market rent was derived and *why* it was derived that way. He/she must note which comparables were given the most weight and why, including which attributes of those respective comparables resulted in their being weighted more or less than others. If the estimated market rent is set at the high or low end of the adjusted rents' range, the RCS appraiser must explain *why*. *Example:* The narrative may note that a comparable located within the same master-planned community deserves proportionately more weight than another comparable which is only slightly farther from the subject, but is located in a different school district. Alternatively, the RCS appraiser may support his/her estimation by stating that comparable A that may not be as close in distance as other four comparables, was given a higher weight than others because leasing agents have observed that prospective tenants often consider both projects (subject and comparable A) "family-friendly" due to on-site day-care facilities and similar services.
2. **How the estimated market rent was derived for a secondary unit type.** When a subject has primary and secondary units, the RCS appraisers may start with the market rent for a primary type and adjust for the minor difference(s) between the secondary type and related primary type. RCS appraisers must explain *why* adjustments were made and *how* they were made in deriving rents for a secondary unit type.

Required Contents for Rent Comparability Study

A Sample RCS can be viewed at [\[LINK\]](#)

- A. **Transmittal Letter signed by the RCS appraiser.** The RCS appraiser must address the Transmittal Letter to the project owner, and the letter must be dated as of the date it is submitted along with the RCS to the owner. A sample transmittal letter is included under Appendix 9-1-6. This letter must include the following five components:
1. RCS appraiser's name, company name, address, telephone, fax number and email address
 2. project name, FHA/other project number of the Section 8 project
 3. table of estimated market rent for each unit type included in the study. The RCS appraiser should use table format shown below. In last column, the RCS appraiser should enter "Y" for yes if a Rent Grid was prepared for that unit type, or enter "N" for No, if a grid was not prepared for secondary unit types, but instead the RCS appraiser adjusted the primary type's estimated rent.

			<i>Estimated Market</i>		
Unit Type	# Units	Size (Sq. Ft)	Rent	\$/ Sq. Ft	Prepared Grid? (Y/N)
	Total				

4. a statement that market rents were defined and estimated in accordance with Sections 9-9 through 9-13 of this Chapter and the RCS report was prepared in accordance with Sections 9-8 through 9-14 of this Chapter.
5. an acknowledgment of how his/her report will be used.
Suggested language – "I understand that HUD/the Section 8 Contract Administrator (CA)

and the project owner will use my estimate of market rents to determine: 1) the owner's options for renewing the project's Section 8 contracts; and 2) the maximum rents allowed under any renewal contract."

B. Scope of Work. The RCS appraiser must acknowledge that all work was done in accordance with the requirements set forth in this notice, and provide a narrative describing:

1. dates, number and types of inspections, and how unit sizes were verified.
2. how rent, condition and amenity data were collected and verified. The RCS appraiser should also note all interviews completed, records reviewed, and internet sites used. The RCS appraiser should indicate time period during which data was collected.
3. any data that was unobtainable or estimated and all efforts to obtain that data.
4. any assistance from assistant RCS appraisers.

C. Description of Subject Project. The RCS appraiser must address the items listed under this section. If the units being renewed are located on scattered sites and those sites differ significantly on condition, services, street appeal or other factors listed below, the RCS appraiser must note those differences under this section and provide information on:

1. *project name and address* (street, city, county, cross streets) and neighborhood name if applicable).
2. *site characteristics and improvements*: number of buildings and their design (construction material, structure type), number of units; topography and density; and access to site.
3. *unit mix for all units in the project, not just the Section 8 units*. The RCS appraiser should use the table format below, and ensure that he/she includes all revenue-producing units in the project & group them by major unit types (e.g., # bedrooms/# baths). The RCS appraisers should review Section 9-10 for a definition of rent restricted units.

1

Unit Type	# Units	Interior Size (SF)	# Project- Based Sec 8 units	# Other Rent Restricted Units	# Units Not Rent Restricted
	Total		Total	Total	Total

2

3 4. *condition*: age of project, state of repair, any recent/ planned rehab or refurbishing.4 5. *schedule of charges collected in addition to rent*.5 6. *3 to 5 labeled, color photos of exterior and interior*. The RCS appraiser must review
6 Section 9-9 regarding requirements on photos, and insert the photos at the end of the RCS
7 or in the body of RCS's description of the subject.)8 7. *population or occupancy group targeted for this project (e.g., elderly), if any*.9 8. *summary of unit design and amenities*.10 9. *summary of project service/ site amenities*: parking, recreational facilities, community
11 areas, security, service coordination, neighborhood networks, transportation, meal
12 services, social or educational activities, emergency call systems, laundry or
13 housekeeping, and any other amenities for elderly or disabled.14 10. *name and phone number of contact person*. This would include the information for the
15 individual who the RCS appraiser verified or collected information on the subject project.16 D. **Owner's Scope of Repairs**. As required under Section 9-9.D., the RCS appraiser must
17 review the complete list of repairs to the subject project, and if needed prepare a separate set
18 of HUD Form 92273-S8 rent grids to differentiate between pre-repair and post-repair
19 conditions.20 E. **Definition of the Subject's Market Area**. The RCS appraiser must identify the geographic
21 area from which the subject would normally draw its applicants.22 F. **Description of Neighborhood**. Under this section, the RCS appraiser should provide a
23 discussion of the project's location noting factors that would impact market rent level, as
24 required under Section 9-9 of this Chapter.

G. Narrative Describing Selection of Comparables. The RCS appraiser must provide an overall assessment of the availability of comparables and the quality of the comparables selected and state *why* the comparables used were selected, as required under Sections 9-10 and 9-11 of this Chapter. The RCS appraiser must document the search process in accordance with the Section 9-10.C. requirements. If insufficient comparables or dissimilar comparables are utilized, the RCS appraiser must explain *why* in the narrative, and outline what research was performed to determine that more similar comparables were not available. If the comparables chosen have an identity-of-interest with the owner, management agent of the subject project, the RCS appraiser must identify those and explain why such a comparable was selected.

H. Locator Map for Subject and Comparables. The RCS appraiser must include a locator map identifying the subject project and each comparable. He/she must also clearly mark major roadways and natural or man-made barriers (e.g., rivers, freeways, railways, etc.) on the map.

I. Rent Comparability Grid HUD-92273-S8 (Appendix 9-1-1). The RCS appraiser must complete one grid for each primary unit type using instructions in Appendix 9-1-2 and guidance in Section 9-9 through 9-13 of this Chapter.

J. Explanation of Adjustments & Market Rent Conclusions. As required under Sections 9-9 through 9-13 and the line-by-line instructions in Appendix 9-1-2, the RCS appraiser must provide a narrative for each adjustment.

K. Comparable Project Profiles. The RCS appraiser must provide a one-page, table/grid profile of each comparable project used in the RCS. The RCS appraiser must profile each project only once, regardless of the number of unit types for which the project was used. The Sample RCS under Appendix 9-2-2 provides a sample profile that RCS appraisers may use, or they can create their own table/grid formats. The RCS appraisers must include at least the following items in their comparable project profiles.

1. *project name and address* (street, city, county, cross streets) and neighborhood name
2. *name and phone number of contact person with whom* the RCS appraiser verified or collected information on the project and the date of verification.
3. *a color photo* (at least 3" by 5") of the project's exterior. (Interior photos may be included if available, but they are not required).
4. *A rent and unit mix table.* Showing *all units* in the project and grouped by major unit types (e.g., # bedrooms/# baths). The RCS appraiser must indicate which unit types are used as comparables in the RCS.

1

Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
	Total				

2

3

5. *Total number of units* at the project and project-wide *occupancy*.

4

6. List of *any charges tenants pay* in addition to rent.

5

6

7. Description of *any rent, income, and use restrictions or tenant rent subsidies* (Section 8, certificates, vouchers, state/local payments on behalf of residents) in effect at the project.

7

The RCS appraiser must provide this information even if the units covered by the restriction/subsidy were not the units studied in the RCS.

8

9

L. **RCS Appraiser's Certification** (Appendix 9-1-5). The RCS appraiser must fill in the blanks and sign and date the Certification. When entering names, the RCS appraiser must also give title. (e.g., Sharon Jones, Assistant RCS Appraiser). The RCS appraiser may enter "*none*" in items 8 and 10 if there is nothing to disclose.

10

11

12

13

M. **Copy of any Temporary License the RCS appraiser is relying upon for this RCS.** Any temporary license relied upon must be issued by the state where the project is located.

14

Comparable Project Profile

Project Name

Address

City/Town, State, Zip Code

Management Agent:

County:

Contact:

Neighborhood:

Contact's Phone

Cross Street:

PHOTO

Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)

Total Units: ____

Project Occupancy: ____%

Charges in Addition to Rent:

Subsidies and Restrictions at Project:

Other Comments:

Date Information Verified: ____ / ____ / ____

RCS Appraiser Certification

Project Name: _____ **FHA Project No** _____

By my signature below, I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective financial interest in the above project, its ownership or management agent entity, or the principals of those entities. I am not an employee of those principals or entities and I have no business or close personal/family interest with those parties that commonly would be perceived to create bias or a conflict of interest.
4. I have no bias with respect to the project that is the subject of this report or to the ownership or management parties involved with this assignment.
5. My engagement in and compensation for this assignment were and are not contingent upon the reporting of a predetermined rent or direction in rent. My fee is my only compensation for this rent study assignment. There are no other side agreements or considerations.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and all applicable HUD procedures for performing Rent Comparability Studies for Section 8 contracts.
7. _____ inspected the interior and exterior of the subject project.
_____ inspected the exteriors of the projects used as comparables in this report.
8. No one provided significant professional assistance to the person signing this report except the persons listed here: _____. If anyone is listed here, his/her contribution is identified in the Scope of Work section of this report.
9. I am a certified general appraiser, licensed and in good standing with the state appraiser regulatory agency where the subject project is located and I meet all of the appraiser qualifications required in HUD's rent comparability procedures.
10. I am not debarred or suspended from doing business with the Federal Government. I also am not under a Limited Denial of Participation (LDP) imposed by the HUD Multifamily Regional Center or Program Center having jurisdiction over the Section 8 project. Any LDPs in effect now or in the past three years were imposed by the following HUD offices.

Warning: If you knowingly make a false statement on this form, you may be subject to civil penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000.00 for each violation.

Appraiser's Name: _____ **Signature:** _____ **Date:** _____

Permanent License No: _____ **Issuing State:** _____ **Expires:** _____

Did you prepare the RCS under a temporary license? ____ *If so, attach a copy of the temporary license.*

Sample for RCS Appraiser's Transmittal Letter

[Date]

[Name & Address of Appraisal Firm]

[Phone, fax and email contact info for Appraiser]

[Owner's Name & Address]

Re: ***Rent Comparability Study/[Project Name]***

Section 8 Contract Number: _____ FHA No. _____

Dear [Mr./Ms. *Owner*]:

Attached is the Rent Comparability Study (RCS) you requested for [*Project Name*].

The purpose of the study was to estimate the market rents for units that will be assisted under the renewed Section 8 contract. Market rent is the rent that a knowledgeable tenant would most probably pay for the Section 8 units as of the date of this report, if the tenants were not receiving rental subsidies and rents were not restricted by HUD or other government agencies. The following table lists the market rent I concluded for each Section 8 unit type.

			Estimated Market		
Unit Type	# of Units	Size (Sq. Ft)	Rent	\$ per Sq. Ft	Prepared Grid? (Y/N)
Total					

The RCS was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements in Chapter Nine of HUD's Section 8 Renewal Guide. Market Rents were defined and estimated in accordance with the guidance in Sections 9-8 through 9-13 and Appendix 9-1-2 of Chapter Nine of HUD's Section 8 Renewal Guide, and the RCS report was prepared in accordance with the guidance in Chapter Nine. I understand that HUD/the Section 8 Contract Administrator (CA) and the project owner will use my estimate of market rents to determine: 1) the owner's options for renewing the project's Section 8 contracts; and 2) the maximum rents allowed under any renewal contract.

Additionally, as required by Section 9-14 of the Chapter Nine guidance, I compared the Project's median rent with HUD's threshold, and concluded that the Project's median rent is below the threshold, as shown in the table below.

1 ***Mandatory Market Rent Threshold Test***

<i># of Bedrooms (For Section 8 Units)</i>	<i># of Units</i>	<i>Cumulative # of Units</i>	<i>RCS Rents</i>
Project's RCS-based median rent			
Median Gross Rent Estimate for Project's Zip Code			
HUD's Threshold: 140% of Median Gross Rent Estimate			
Test: Compare Project's Subject Median Rent to HUD Threshold			

2

3 Should you have any questions or require more information, please contact me directly at the phone
4 number or e-mail address listed above.

5 Sincerely,

6 [RCS Appraiser Name]

7 ST Certified General Appraiser #_____

Special Exceptions under Mandatory Rent Threshold

Special Case #1: When median market rent in a zip code equals or exceeds \$2,000, the Census Bureau does not report the actual market rent value. Instead, the Bureau assigns such zip codes a value of ‘\$2,000+’. If a Subject Project belongs to such a zip code where the Median Gross Rent is estimated at ‘\$2,000+’, HUD will review if the owner’s comparable gross rent potential:

- A. is less than 140% of \$2,000 (or \$2,800), then no further action is required and the final comparable market rent is determined by the owner’s RCS; or
- B. is greater than or equal to 140% of \$2,000 (or \$2,800), but less than 105% of the current HAP contract rent for the subject project, then the final comparable market rent is determined by the owner’s RCS; or
- C. is greater than or equal to 140% of \$2,000 (or \$2,800), and greater than or equal to 105% of the current HAP contract rent for the subject project, then a HUD-commissioned RCS would be required.

The examples below illustrate the two stage assessment process described above. As illustrated, a new HUD-commissioned RCS will be required if owner’s comparable gross rent potential exceeds \$2,800 and it also exceeds 105% of the current HAP rents.

For Zip Codes with ACS-based Median Market Rent of \$2,000+

	<u>Example 1</u>	<u>Example 2</u>	<u>Example 3</u>
RCS Rent submitted by owner	\$2,800	\$3,000	\$3,000
ACS-based Median Market Rent for Zip Code	\$2,000+	\$2,000+	\$2,000+
TEST 1: Does RCS Rent Exceed 140% of \$2,000 (or \$2,800) comment	Is \$2,800 > \$2,800?	Is \$3,000 > \$2,800?	Is \$3,000 > \$2,800?
Results of Test 1 If "NO", RCS Rent prevails. If "YES", subjected to Test 2	NO	YES	YES
	RCS Rent Prevails	Subjected to Test 2	Subjected to Test 2
Current HAP Rent for the Project		\$2,900	\$2,800
105% of Current HAP Rent for the Project		\$3,045	\$2,940
TEST 2: Does RCS Rent Exceed 105% of Current HAP Rent?		Is \$3,000 > \$3,045?	Is \$3,000 > \$2,940?
Results of Test 2 If "NO", RCS Rent prevails. If "YES", HUD RCS required		NO	YES
		RCS Rent Prevails	HUD RCS Required

Special Case #2: When the Median Gross Rent Estimate is unavailable for a certain zip code, the U.S. Census Bureau reports the value as ‘missing’ or ‘blank’. This may occur for zip codes that

1 belong to national parks, resort areas, or in some rural areas so sparsely populated that there is an
2 insufficient number of rental units available for the Census Bureau to compute and report a
3 Median Gross Rent estimate.

4
5 If the Subject Project belongs to such a zip code, HUD will compare the owner's gross potential
6 rent with the current HAP contract rents. More specifically, if the owner's comparable gross
7 potential rent:

8
9 A. is less than 105% of the current HAP contract rents, then no further action is required and
10 the final comparable market rent is determined by the owner's RCS; or

11 B. is greater than or equal to 105% of the current HAP contract rents, then a HUD-
12 commissioned RCS would be required.

Appendix 9-2

Guidance for Owners

- 9-2-1: Template for Owner's Cover Letter & Owner's Checklist
- 9-2-2: Link to Sample RCS

Sample Owner's Cover Letter & Owner's Checklist

[Date]

[Owner's Name]

[Owner's Address]

RCS Submittal Cover Letter for [Project Name]

1. I have reviewed the content of the RCS and concluded that the RCS includes all material required by Chapter Nine and the Owner's Checklist in Appendix 9-2-2.
2. The RCS appraiser's *[insert appraiser's name]* narratives and Rent Grid accurately describe the subject project and properly treat non-shelter services and their funding sources as required by Section 9-12 and Appendix 9-1-2.
3. There is no family relationship or identity-of-interest between the principals of the subject's Ownership or management agent entity and the principals that manage/ own the projects used as comparables. *[Owners must identify and provide information if there is an identity-of-interest existing between principals. See Handbook 4381.5, Paragraph 2-3 for a definition of the term "identity-of-interest".]*
4. I certify that: a) neither the selection of the RCS appraiser nor the RCS appraiser's compensation was/is contingent upon the RCS appraiser reporting a predetermined rent nor direction in rent; and b) to the best of the Owner's knowledge, the RCS appraiser meets Section 9-8.A.'s conditions regarding absence of financial, employment, and family relationships.
5. I certify that the fee paid for the RCS is the only compensation the RCS appraiser will receive for the RCS work and there is no side agreement or other consideration.
6. The following person is our point of contact for HUD/CA's decision letter, or to address any questions that the HUD/CA staff may have on the RCS:
[Provide a name, email and phone number for a point of contact at the agent/Owner's office]
7. HUD/CA may talk with the RCS appraiser directly and copy the RCS appraiser on written materials. The RCS appraiser's contact information is provided below
[Insert RCS appraiser's name, address, email and phone number]

I certify that the above is all true.

[Owner's Name & Signature]

[Date]

Encl: Owner's Checklist

Owner's Checklist for RCS Submission

1

2

Owner's Materials

- ☐ Signed Cover Letter
- ☐ Signed Owner's Checklist
- ☐ Scope of Repair

3

RCS Materials

- ☐ RCS Appraiser's Transmittal Letter
- ☐ Scope of Work
- ☐ Description of Subject Project (including color photographs)
- ☐ Identification of the Subject's Market Area
- ☐ Description of Neighborhood
- ☐ Narrative Describing Selection of Comparables
- ☐ Locator Map for Subject and Comparables
- ☐ Rent Comparability Grid for Each Primary Unit type
- ☐ Narrative Explaining Adjustments and Market Rent Conclusions (one set of explanations for each Rent Grid)
- ☐ Comparable Project Profiles (each including a color photo)
- ☐ RCS Appraiser's Certification
- ☐ Copy of RCS Appraiser's License (only if relying upon a temporary license)

4

Mandatory Market Rent Threshold Materials

- ☐ Distribution of RCS Rents and Subject Project's median rent
- ☐ Screen Shot of Median Gross Rent Estimate for the Project's Zip Code, as per U.S. Bureau of the Census
- ☐ Comparison of Project's median rent to the Median Gross Rent

5

6

Owner's Signature & Date

Link to Sample RCS

[Link] to Sample RCS

Request to Renew Using FMRs as Market Ceiling

USE HUD FORM 9630

<http://portal.hud.gov/hudportal/documents/huddoc?id=9630.pdf>

**Request to Renew Using Non-Section 8 Units in the Section 8 Project
as a Market Rent Ceiling**

USE HUD FORM 9629

<http://portal.hud.gov/hudportal/documents/huddoc?id=9629.pdf>

Appendix 9-5

Guidance to Reviewers

- 9-5-1: Link to Initial Screening Checklist
- 9-5-2: Link to Detailed Screening Checklist
- 9-5-3: Link to Rent Grid Analysis Checklist (*to be used with Notes in 9-5-4*)
- 9-5-4: Notes to Rent Grid Analysis and Triggers for Second Review
- 9-5-5: Link to Certification of Substantive Reviewer
- 9-5-6: Sample of Issues Memo from Substantive Reviewer

Link to Initial Screening Checklist

[Link] to Initial Screening Checklist

Link to Detailed Screening Checklist

[Link] to Detailed Screening Checklist

Link to Rent Grid Analysis Checklist

[Link] to Rent Grid Analysis Checklist

Notes for Rent Grid Analysis and Triggers for Second Review

Introduction: All substantive reviewers must use the notes provided below when completing the Rent Grid Analysis checklist (*Excel based version of the checklist can be downloaded at [\[LINK\]](#)*). The following notes provide line by line guidance to substantive reviewers for identifying areas that may warrant a closer evaluation, or in some cases trigger a mandatory second review, as provided in Section 9-16 if the substantive reviewer is a non-appraiser HUD staff. The second reviewer would assess the appropriateness and reasonableness of the specific line item that triggered a second review, as opposed to the entire RCS. The minimum qualifications for performing a substantive review and/or a second review are provided in Section 9-15.A.2. (“Substantive Review”). If the first and second reviewers do not reach consensus, then the trigger item will be reviewed by an RCS review appraiser, whose opinion will prevail as to what revisions, if applicable, need to be made to the RCS. Seeking a second reviewer’s input is not a requirement if the rent grid analysis review is being performed by an RCS review appraiser.

Line 1: \$ Last Rent/ Restricted. Using a comparable from an affordable/restricted project should only be a “last resort”. Adjustments that would need to be made to a restricted comparable are inherently subjective. Likewise, using a comparable from other categories of project types, such as independent or assisted living facilities or master-planned retirement communities, for an age-restricted Section 8 project, is inherently flawed because tenants at those types of projects choose them over conventional apartment projects due to the non-shelter services offered at such facilities. Accordingly, use of rent-restricted projects, independent or assisted living facilities, or master-planned retirement communities as comparables, should **trigger a second review.**

Line 2: Date Last Leased. Adjustments on this line item should be rare since the RCS appraiser should only be using recent lease transactions to begin with. Accordingly, an adjustment on this line exceeding \$15 would be unusual, and thus the substantive reviewer needs to separately approve the RCS appraiser’s explanation for that adjustment exceeding the threshold amount.

Line 3: Rent Concessions. Concession adjustments should be based on a simple mathematical formula for calculating *effective rent* (i.e., the total rent paid over the lease term divided by total months of occupancy, including rent-free periods). Difference between *nominal rent* and *effective rent* is then entered as the amount of the negative adjustment to the comparable. Use of an amount other than that indicated by the formula above should **trigger a second review.**

Line 4: Occupancy Rate. This line item is rarely adjusted. Should be only used if the RCS appraiser is confident that the comparable project consistently runs at unusually high or low occupancy rate because the asking rent is either too low or too high, respectively (See Appendix 9-1-2 under Line by Line instructions). Accordingly, an adjustment on this line exceeding \$15 would be unusual, and thus the substantive reviewer needs to separately approve the appraiser’s explanation for that adjustment exceeding the threshold amount.

Line 6: Structure/Stories. Adjustment on this line item can be based on a variety of factors, such as walk-up versus elevator, or stacked flat versus townhome configuration. The appraiser should try to select comparables that have the same structure type as the subject project. Scale of adjustments should typically be modest. An adjustment on this line exceeding \$15 would be

unusual, and thus the substantive reviewer needs to separately approve the RCS appraiser's explanation for that adjustment exceeding the threshold amount.

Line 7: Year Built/Yr. Renovated. This adjustment is inherently subjective and needs to be accompanied by a clear, comprehensive explanation by the RCS appraiser. Typically, adjustments should not be made at all for age differences of just a few years. An ideal approach is to adjust in multiples of a fixed number of years of age difference. For example, each multiple of three years of age difference between the subject and the comparable would be assigned a certain dollar amount of adjustment. An adjustment on this line exceeding \$5 for each year of age difference should be a trigger to for a second review.

Line 8: Condition/Street Appeal. This adjustment is inherently subjective and needs to be accompanied by a clear, comprehensive explanation by the RCS appraiser. Based on the mandatory five levels of ratings (Excellent, Good, Average, Fair and Poor), an adjustment of more than \$20 for each level of rating difference triggers a second review. For example, a positive adjustment for an "Average" rated comparable versus an "Excellent" rated subject, should not exceed \$40. Due to the potential for overlap between adjustment parameters, if the RCS appraiser has made an adjustment also on Line 7 for Year Built/Renovated, the trigger for a second review is \$15 for each level of rating difference for Line 8.

Line 9: Neighborhood. This adjustment is inherently subjective and needs to be accompanied by a clear, comprehensive explanation by the RCS appraiser. Based on the mandatory five levels of ratings (Excellent, Good, Average, Fair and Poor), an adjustment of more than \$20 for each level of rating difference triggers a second review. For example, a positive adjustment for an "Average" rated comparable versus an "Excellent" rated subject, should not exceed \$40.

Line 10. Same Market. Using a comparable from a different market should be rarely used, as adjustments that would need to be made to a comparable in a different market are inherently subjective. Accordingly, an adjustment on this line item should typically not exceed \$15, whether it is to account for a different market or for distance to the subject project. For adjustments exceeding \$15, the substantive reviewer needs to separately approve the RCS appraiser's explanation for that adjustment exceeding the threshold amount.

Lines 11-13: # Bedrooms/Bathrooms/Unit Interior Square Feet. The appraiser should be able to justify adjustments with specific market data, such as paired comparable analysis. A trigger for a second review would be if the RCS appraiser adjusts for a size difference less than 25 square feet. The RCS appraiser should be using comparables with units as close as possible in size to the subject units, so very large adjustments based on large differences in unit size are likewise discouraged. Total net adjustments for line items 11 through 13 exceeding \$100 would suggest that the comparable may not be suitable, and thus for an adjustment exceeding that threshold amount, the reviewer needs to separately approve the appraiser's explanation.

Line 14: Balcony/Patio. Adjustment for this line should typically be nominal, generally not exceeding \$10 (but for some special cases such as resort areas, warm climates, adjustments may be slightly higher). RCS appraiser must describe the basis for any dollar amount of adjustment that exceeds \$10.

Line 15: AC/central vs. wall. While adjustment for type of AC will rarely exceed \$10 or \$15, adjustment for lack of AC may be more substantial in some markets. RCS appraiser must describe the basis for any dollar amount of adjustment that exceeds \$10.

Line 16: Range/Refrigerator. It is not unusual in some markets for owners to not provide a refrigerator. The amount of adjustment should typically not exceed the monthly cost of equipment rental.

Line 17: Microwave/Dishwasher. The substantive reviewer needs to separately approve the RCS appraiser's explanation for an adjustment on this line exceeding a total of \$20.

Line 18: Washer/Dryer. If the unit includes hookups but the equipment is not provided by the owner, the amount of adjustment should typically not exceed the monthly cost of equipment rental.

Line 19: Floor Coverings. As floor coverings typically vary little within a given market (e.g., carpet, except vinyl in kitchens and baths), an adjustment on this line should rarely exceed \$10 to \$15, if made at all. For adjustment amount exceeding \$10, the RCS appraiser must discuss and provide market evidence. Adjustments for specialty coverings (e.g., ceramic tile in some areas of the living unit) should be in Line 22 ("Special Features") rather than in this line item.

Line 20: Window Coverings. While is it common to adjust for owner-provided vs. tenant-provided window coverings, any adjustment at all for type of window covering is unusual, and thus would only be acceptable if RCS appraiser provides market evidence for adjustments exceeding \$10.

Line 21: Cable/Satellite/Internet. If the owner provides connection but the tenant pays the monthly service fee, the amount of adjustment should not exceed the published monthly fees.

Line 22: Special Features. If the RCS adjusts more than \$10 for any individual item, market evidence must be cited in the RCS.

Line 24: Parking. As described in Appendix 9-1-2 (Line-by-Line Instructions), there are three distinct types of adjustment may be included in this line. These are (a) *availability* of parking, (b) *cost* of parking, and (c) *type* of parking facility. Explanation provided in the RCS should be sufficiently clear for the substantive reviewer to follow just how the adjustments made fit into these respective categories.

Line 25: Extra Storage. As described in Appendix 9-1-2 (Line-by-Line Instructions), RCS appraiser must distinguish between adjustments for *availability* of storage versus *cost* of storage. The substantive reviewer needs to separately approve the RCS appraiser's explanation for a total adjustment on this line exceeding \$20.

Line 26: Security. The substantive reviewer needs to separately approve the RCS appraiser's explanation for an adjustment on this line exceeding \$15.

Line 27: Clubhouse/Meeting Rooms. The substantive reviewer needs to separately approve the appraiser's explanation for an adjustment on this line exceeding \$10.

Line 28: Pool/Recreation Areas. While generally nominal, adjustment on this line could be \$15 or more in some markets. RCS appraiser must justify adjustments exceeding \$10, and provide market evidence for the dollar amount chosen.

Lines 29-31: Business Center/Service Coordination/Non-shelter Services. RCS Appraiser should explain any adjustment within these categories. Each adjustment should be nominal, not exceeding \$10. Since it is rare for a project to offer more than two or three distinct categories of non-shelter services, total net adjustment for these line items exceeding \$30 should be a **trigger for a second review**.

Lines 33-39: Utilities. To account for owner-paid versus tenant-paid items, the RCS appraiser should explain the criteria used. Typically, published housing authority utility allowances will represent an upper limit for any particular category. Use of adjustment amount for any utility category that exceeds the respective published allowance would be a **trigger for a second review**. The RCS appraiser may also choose to adjust for tenant preferences, when applicable, for type of utility (e.g., gas cooking versus electric, gas heat versus electric), but those adjustments will typically be small (see discussion in Appendix 9-1-2).

Line 46: Estimated Market Rent. As described in Section 9-13 and Appendix 9-1-2, the RCS must note *which* comparables were weighted over others for purposes of evaluating the adjusted rents, and also the reasons *why* those comparable were weighted over others.

Link to Certification of Substantive Reviewer

[Link] to Certification of Substantive Reviewer

Sample for Issues Memo from Substantive Reviewer

[Name of Regional Director at HUD (or equivalent)]

[Address of HUD/CA]

Name of Subject Project: _____
 Section 8 Contract Number: _____

I have performed a Substantive Review of the Rent Comparability Study (RCS) of the
 aforementioned project. Based on my review, I have identified the following issues that need to
 be addressed by the RCS appraiser and/or Owner.

1. Type issue #1 here.....

2. Type issue #2 here.....

3. Type issue #3 here.....

4. Type issue #4 here....

I am requesting for the RCS appraiser and/or Owner to provide additional information or
 explanations on the items noted above within 10 calendar days of date of HUD's/CA's request,
 as per HUD guidelines in Chapter Nine of the Section 8 Renewal Guide.

Please do not hesitate to contact me if you have questions concerning my findings.

[Insert substantive reviewer's name]

[Address, email and phone number]

Special Project Types

If the RCS appraiser uses comparables from project categories that would not typically be suitable for use as comparables for multifamily rental housing, as outlined under Section 9-10.C.4., the RCS appraiser must consult the guidance provided below.

1. **Cooperative Project:** (Co-Op) is a multi-unit project in which those who own the project actually own shares in the ownership of the overall project as a whole. For the purposes of an RCS, the fact that the project is a co-op doesn't significantly affect the market rental rate of the subject and/or the comparable project. Depending on the market evaluation that is performed by the RCS appraiser, an adjustment may be justified for the ownership being a co-op but most likely it will have no effect on the concluded market rental rate.
2. **Elderly/Special Needs:** An elderly or special needs project is different from traditional market rate projects because these projects typically include services offered at no extra cost to the tenant. The mix of these services will vary widely among projects in a given market as well as between different markets. Upon identification of an age-restricted or Special Needs project, the RCS appraiser should determine what extra services are provided (if any) and during the comparable selection process attempt to identify projects that offer similar services with the same restrictions as well as being located in the defined market area. The preference in selection would be to go outside the market area and find comparable projects offering the same or similar services, rather than locating projects within the defined market areas but offering different services. If the elderly/Special Needs project doesn't offer any services above and beyond a normal market rate project, then no adjustments would be required and the comparable selection could utilize traditional market rate projects for comparison. However, an adjustment would most likely be required due to the restriction of the tenant pool as compared to a traditional market rate project.
3. **Student Housing:** Included as a Special Project due primarily to the growth of these projects, and the "by the bed" rental structure that they often offer. There are two types of projects that fall under the Student Housing category; (1) traditional apartment projects that are rented by the unit, but are restricted to students and (2) "by the bed" projects.

The first project type is one that is similar in operations and rentals to the traditional apartment project, and specifically similar to an elderly or age-restricted project. The tenant rents a studio or larger unit, containing a kitchen, bath, and sleeping quarters.

The second project type is one that has become very popular over the last 10-20 years and that is a project that rents beds, rather than apartment units. Accordingly, there will be two or more tenants sharing a living unit. This concept is similar to a college dorm concept mixed with a traditional apartment project. Commonly, these projects will also offer services that cater to students and student-living and will be located on and very close to campus. As an RCS will in all cases involve estimating market rents for self-contained living units rather than bed rentals within shared apartment units, this second project type cannot under any circumstance be used as a rental comparable for the RCS.

4. **Congregate-Care Projects:** Included as a Special Project Type due to the amount of extended services available, and the "by the bed" rental structure that they sometimes offer.

There are several types of projects that fall under Congregate-Care Housing but all offer some level of home health care services to either the elderly or persons with special needs. The different types could include (1) Assisted-living facilities, (2) senior citizen housing, or (3) other age-restricted retirement communities. Congregate-care housing typically offers enhanced healthcare services for the elderly, whereas the typical elderly housing projects offer only limited services with no specific healthcare applications.

For some care facilities, residents lease a bed rather than a private unit. Typically, that kind of facility will offer skilled nursing, and will require payment on a daily rather than monthly basis. The RCS appraiser will not encounter this type of facility for purposes of estimating rent for a Section 8 project. Accordingly, there is no reason to use projects rented on a daily rather than monthly basis as rental comparables. As an RCS will, in all cases, involve estimating market rents for self-contained living units rented on a monthly basis, rather than daily bed rentals, this project type cannot under any circumstance be used as a rental comparable for the RCS.

5. **After-Rehabilitation:** Included as a Special Property Type due to the hypothetical assumption that the proposed renovation has been completed. This requires a dual review of the subject project in its “as is” state, and a “projected” review as though all units and common areas that will be renovated have already been renovated, in accordance with the specifications provided in the renovation scope of work. This then requires the RCS appraiser to include comparables similar to the subject project in its post-renovation condition.

The RCS appraiser should review what if, any repairs are proposed for the subject project. Proposed changes to the subject project other than routine repairs for deferred maintenance may need to be reflected in Form 92273-S8 adjustments to rental comparables. Examples of adjustments that may need to be reflected in the RCS appraiser’s Form 92273-S8 analysis would include changes in utility configuration, such as installing separate living unit meters that effectively convert an owner-paid utility service to a tenant-paid basis. Another example of possible adjustments would be additions or reductions in the scope of non-shelter services, such as would occur if management were proposing to eliminate an on-site day care facility or other amenity. Even if no specific change is proposed to utility configuration, available amenities, or available non-shelter services, the subject project’s overall condition and appeal may be enhanced by the proposed scope of work. Accordingly, the RCS appraiser needs to consider how adjustments for line items 7 and 8 of the form 92273-S8 (Year built/Yr. Renovated and Condition/Street Appeal) will be affected.

Other Appendices

[These will be links in the final document]

Appendix 9-2-2 Sample Rent Comparability Study

Appendix 9-5-1 Initial Screening Checklist

Appendix 9-5-2 Detailed Screening Checklist

Appendix 9-5-3 Rent Grid Checklist

Appendix 9-5-5 Certification of Reviewer

Appendix 9-2-3: Sample RCS Submission

ABC Village Associates
Smithville, State 55555-2255

April 18, 2000

HUD Field Office
Smithville, State 55555-2255

Reg: RCS Submittal Cover Letter for ABC Village Associates

1. *Mr. Owner* has reviewed the content of the RCS and concluded that the RCS includes all material required by Chapter Nine and the Owner's Checklist in Appendix 9-2-2.
2. The appraisers' (*Joseph Jones* and *Sharon Allen*) narratives and Rent Grid accurately describe the subject project and properly treat non-shelter services and their funding sources as required by Section 9-12 and Appendix 9-1-2.
3. There is no family relationship or identity-of-interest between the principals of the subject's Ownership or management agent entity and the principals that manage/ own the projects used as comparables.
4. *Mr. Owner* certifies that: a) neither the selection of the appraiser nor the appraiser's compensation was/is contingent upon the appraiser reporting a predetermined rent nor direction in rent; and b) to the best of the Owner's knowledge, the appraiser meets Section 9-8A's conditions regarding absence of financial, employment, and family relationships.
5. *Mr. Owner* certifies that the fee paid for the RCS is the only compensation the appraiser will receive for the RCS work and there is no side agreement or other consideration.
6. The following person is our point of contact for HUD/CA's decision letter, or to address any questions that the HUD/CA staff may have on the RCS.

Owner's Point of Contact: Mr. Owner

Phone: (000) 555-2222

Email: Owner@abcvillage.com

7. HUD/CA may talk with the appraiser directly and copy the appraiser on written materials. The appraiser's contact information is provided below.

Appraiser's Point of Contact: Joseph Jones

Phone: (000) 555-1111

Email: joe@appraiserserv.com

I certify that the above is all true.

Mr. Owner, 04/18/2000

Owner's Checklist for RCS Submission

Owner's Materials

- ☒ Signed Cover Letter
- ☒ Signed Owner's Checklist

RCS Materials

- ☒ Appraiser's Transmittal Letter
- ☒ Scope of Work
- ☒ Description of Subject Property (including color photographs)
- ☒ Identification of the Subject's Market Area
- ☒ Description of Neighborhood
- ☒ Narrative Describing Selection of Comparables
- ☒ Locator Map for Subject and Comparables
- ☒ Rent Comparability Grid for Each Primary Unit type
- ☒ Narrative Explaining Adjustments and Market Rent Conclusions (one set of explanations for each Rent Grid)
- ☒ Comparable Property Profiles (each including a color photo)
- ☒ Appraiser's Certification
- ☐ Copy of Appraiser's License (only if relying upon a temporary license)

Mandatory market Rent Threshold Materials

- ☒ Distribution of RCS Rents and Subject Property's median rent
- ☒ Screen Shot of Median Gross Rent Estimate for the Project's Zip Code, as per U.S. Bureau of the Census
- ☒ Comparison of Project's median rent to the Median Gross Rent

Owner's Signature & Date

Mr. Owner April 18, 2000

Rent Comparability Study

On

ABC Village Apartments

100 Main Street

Smithville, State

Date of Report

April 15, 2000

Prepared For

ABC Village Associates

P.O. Box 2255

Smithville, State 55555-2255

Prepared By

Appraisal Services International

123 Allen Street, Suite 456

Smithville, State 55555

Appraisal Services International

123 Allen Street, Suite 456
Smithville, State 55555

(000) 555-1111 (phone)
(000) 555-2222 (facsimile)
joe@appraiserserv.com

April 15, 2000

Mr. Owner
ABC Village Associates
P.O. Box 2255
Smithville, State 55555-2255

Re: ***Rent Comparability Study / ABC Village Apartments***
Section 8 Contract Number: PA0000999992
FHA No. 1233566

Dear Mr. Owner:

Attached is the Rent Comparability Study (RCS) you requested for ABC Village Apartments.

The purpose of the study was to estimate the market rents for units that will be assisted under the renewed Section 8 contract. Market rent is the rent that a knowledgeable tenant would most probably pay for the Section 8 units as of the date of this report, if the tenants were not receiving rental subsidies and rents were not restricted by HUD or other government agencies. The following table lists the market rent I concluded for each Section 8 unit type.

			<i>Estimated Market</i>		
Unit Type	# Units	Size (Sq. Ft)	Rent	\$/ Sq. Ft	Prepared Grid? (Y/N)
Efficiency	7	450	\$485	\$1.08	Y
Efficiency	3	500	\$505	\$1.01	N
Total	10				

The RCS was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements in Chapter Nine of HUD's Section 8 Renewal Guide. Market Rents were defined and estimated in accordance with Sections 9-8 through 9-13 and Appendix 9-1-2 of the Chapter Nine guidance. I understand that HUD/the Section 8 Contract Administrator (CA) and the project owner will use my estimate of market rents to determine: 1) the owner's options for renewing the project's Section 8 contracts; and 2) the maximum rents allowed under any renewal contract.

Additionally, as required by Section 9-14 of the Chapter Nine guidance, I compared the Project's median rent with HUD's threshold, and concluded that the Project's median rent is below the threshold, as shown in the table below.

Mandatory Market Rent Threshold Test

# of Bedrooms (for Section 8 units)	# of Units	Cumulative # of Units	RCS Rents
0	7	7	\$485
0	3	10	\$505
Project's RCS based median rent (avg of the rents for 5th & 6th Units)			\$485
Median Gross Rent Estimate for Project's Zip Code (55555-2255)			\$388
HUD's Threshold: 140% of Median Gross Rent Estimate			\$543
Test: Compare Project's median rent to HUD's Theshold			\$485 < \$543

Should you have any questions or require more information, please contact me directly at the phone number or e-mail address listed above.

Sincerely,

[Joseph Jones](#)

Joe Jones

ST Certified General Appraiser #CG2222

Table of Contents

Appraiser's Transmittal Letter

<u>Page No.</u>	<u>Item</u>
1	Scope of Work
2	Description of Subject Property
4	Definition of the Subject's Market Area
4	Description of Neighborhood
4	How Comparable Properties were Selected
6	Locator Map For Subject and Comparables
7	Rent Comparability Grid for Primary Unit Type
8	Explanation of Adjustments & Market Rent Conclusions
16	Comparable Property Profiles
18	Appraiser's Certification

Exhibits

Color Photographs of Subject

Additional Photos of Comparables

Scope of Work

This Rent Comparability Study was completed in accordance with the requirements set forth in Chapter Nine of HUD's Section 8 Renewal Guide.

Joe Jones, a State certified general appraiser employed by Appraisal Services International (ASI), oversaw and supervised all data collection and analysis. Sharon Allen, an associate at ASI, performed some of the research under Joe Jones's supervision. The following actions were taken to complete this RCS.

- On March 13, 2000, Joe Jones and Sharon Allen inspected the interior and exterior of the subject property to determine the property's physical and functional characteristics. Jones & Allen inspected two small efficiency units, one large efficiency unit, interior common areas (lobby and community room), and exterior grounds. Ms. Sue Hancock, the on-site property manager, accompanied Jones & Allen on all inspections. Ms. Allen measured the interior of the units and interviewed Ms. Hancock to determine the rental rates, services, and amenities offered to tenants of the subject property.
- Ms. Allen researched comparable apartment rental activity in the subject township and competing locations. The research included pulling data from internet sites, local newspapers and rental publications, town records, owners and managers of local apartment properties, local real estate brokers, fellow appraisers, and files of Appraiser Services International.
- During the weeks of March 13 and 20, Jones & Allen inspected the exterior of each comparable property. For three of the comparables (*Holland Apartments*, *BCD Village Apartments* and *Glen Park*), Jones & Allen also inspected interior common areas and a model unit. At the other two comps (*Park Village* and *Lebanon Apts*) access was denied or no models were available, but Jones & Allen did view on-site photos of these units' interiors.
- During the site inspections or in separate phone interviews, Ms. Allen talked with the managers of the comparable properties to confirm all data and to collect additional information about each comparable, including size, age, and amenities, occupancy rates and general market information. The property manager provided floor plans or other information describing the size of comparable units after Sharon Allen explained that the interior size was needed.
- Ms. Allen completed the data & adjustment columns of the Rent Comparability Grid using the instructions in Appendix 9-1 of Chapter Nine. Mr. Jones reviewed all entries, modified some, and derived an estimated market rent for each unit type.

Description of Subject Property

ABC Village Apartments is a 5-story, brick elevator building located at 100 Main Street, Smithville, State. The site is located on a level, rectangular corner lot with 100 feet of frontage on Main Street and 200 feet of frontage on High Street in the Central Business District of Smithville, in the county of Gloucester. The corner lot provides excellent visibility and access.

The table below describes the unit mix for ***all*** 50 units at the property. This RCS applies only to the 10 efficiency units, as these are the only units in the complex that receive Section 8 subsidy. The market rent for the one-bedroom units is \$595. The property is occupied by elderly residents. Elderly are drawn to the complex because of its central location and the services it provides.

Unit Type	# Units	Interior Size (SF)	# Project- Based Sec 8 units	# Other Rent Restricted Units	# Units Not Rent Restricted
0/1	7	450	7	0	0
0 / 1	3	500	3	0	0
1/ 1.5	40	600	0	0	40
	50		10	0	40

The building was originally constructed in 1950 as a manufacturing facility and was converted to its present use in 1980. Renovations at conversion were extensive and the building has been well maintained since the renovation. Occupancy for the subsidized units has consistently been near 100 %. Occupancy for the market-rate units has been just slightly lower, at 93% to 95% for the last three years.

Each efficiency unit contains a galley-style kitchen, a bathroom, and a living/bedroom area. The two groups of efficiency units are identical except for a difference in size: seven units contain 450 square feet and three contain 500 square feet. All units have window blinds and are carpeted, with linoleum flooring in the kitchens and bathrooms. Each unit contains a stove, refrigerator, garbage disposal, and small patio or balcony. There is a storage closet on each patio and balcony. The units have central air conditioning. Gas heat and hot water are included in the rent. Tenants pay for electricity, including air conditioning.

Each unit has an emergency call system that, if activated, will alert the manager's office and a 24-hour call service. If the manager does not respond to the emergency, the service will. Three days per week, a van makes scheduled trips to the grocery store, the shopping mall and the senior center. Tenants requiring transportation to doctor appointments may request a ride on the

remaining two weekdays. ABC Village also offers well-organized social activities and gives tenants the use of a lounge, a television area, and a large, sunny meeting room with tables and chairs for game activities.

The building is accessed by key only, and tenants may call a 24-hour maintenance line in case of accidental lockout or maintenance emergency. An on-site manager is at the property six days a week during the hours of 9:00 am to 6:00 p.m. The complex has a coin operated laundry facility with five washers and dryers and a small, paved parking lot for 20 cars. Parking is offered at an additional charge of \$20 per month. There are no other amenities that require a charge in addition to rent. The Table below summarizes the features at the subject units.

Feature	Yes/No	Cost to Tenant (if applicable)	Type (if applicable)
Balcony/Patio	Yes		Balcony in all units
Air Conditioning	Yes		Central in all units
Range/Refrigerator	Yes		
Microwave/Dishwasher	No		
Garbage Disposal	Yes		
Laundry	Yes	Coin Operated	5 washer-dryers pairs
Floor covering	Yes		Carpets (linoleum in kitchen and bathroom)
Window Covering	Yes		Blinds
Cable/Satellite/Internet	Yes	\$20/mo. Cable; \$35/mo. Internet	
Parking	Yes	\$20/mo.	Paved lot for 20 cars
Storage	Yes		Storage closet on each balcony
Security	Yes		Building accessed by key card
Meeting Room / Lounge	Yes		Wide screen TV; Party kitchen
Pool/Recreation Area	No		
Business Center	No		
Service Coordination	No		
Non-shelter services	Yes		Emergency call system in all units; scheduled transportation to grocery, senior center, medical center, shopping

Ms. Sue Hancock, the property manager, confirmed the above data. She is employed by Smithville Managers Inc. and her telephone number is (000)-555-3333.

Definition of the Subject's Market Area

Smithville is located in the northeast section of Gloucester County at the junction of Interstates 80 and 180. Smithville is the county seat of Gloucester County and a commercial and residential center for the surrounding towns. The market area for Smithville includes the Gloucester County towns within a fifteen-mile radius (*Bainbridge, Lexington, Upton, Newbury, and Barre*) and two Orange County towns within a ten-mile radius (*Exeter and Cypress Lakes*). This is the area from which the subject would normally draw its applicants.

Description of Neighborhood

The subject neighborhood is located in the central business district of Smithville, which is in the northeastern section of the city and near the historic Highlands area. The neighborhood contains a mix of professional and town offices, upscale boutiques, churches, older single-family homes that have been gentrified, and some older apartment buildings that were renovated between ten and twenty years ago. Property values in the area are generally growing and most properties are well kept. Access to Interstates 80 and 180 is less than five minutes from the subject property.

A senior center is within seven blocks of the complex. A small grocery store and a drug store are on the same block as the subject complex and a larger grocery store is three miles away (accessed by the van service.) Center City High School is just six blocks from the subject; the Highlands Elementary and Middle School complex is approximately one and one-half miles away. A shopping mall and medical center are also within ten miles and van service is provided to them.

The subject has good access to job in Downton Smithville, where city and county civil service jobs predominate. The rate of job growth has been much higher in the suburban office parks. There is no apparent crime in the area, nor are there any other significant negative influences. The subject neighborhood is considered an excellent location for senior housing, although it is noted that the rent estimate completed for the purpose of this RCS is based on preferences of the typical renter, rather than any specific age or income group.

How Comparable Properties Were Selected

The appraiser researched rental housing in the market area and identified ten market-rate apartment properties that appeared similar in age, condition and location. Six of them did not contain efficiency units. The appraiser's experience is that, for the purposes of estimating market rent for a studio unit, adjusting a larger apartment plan that offers bedrooms results in a less accurate market rent estimate than would be obtained from using other studio units as comparables, exclusively. In the subject market, in particular, the differential in prevailing rent between studio plans and one-bedroom plans is substantial, which impairs the result obtained from attempting to adjust for a bedroom. Accordingly, only studio units were considered to be

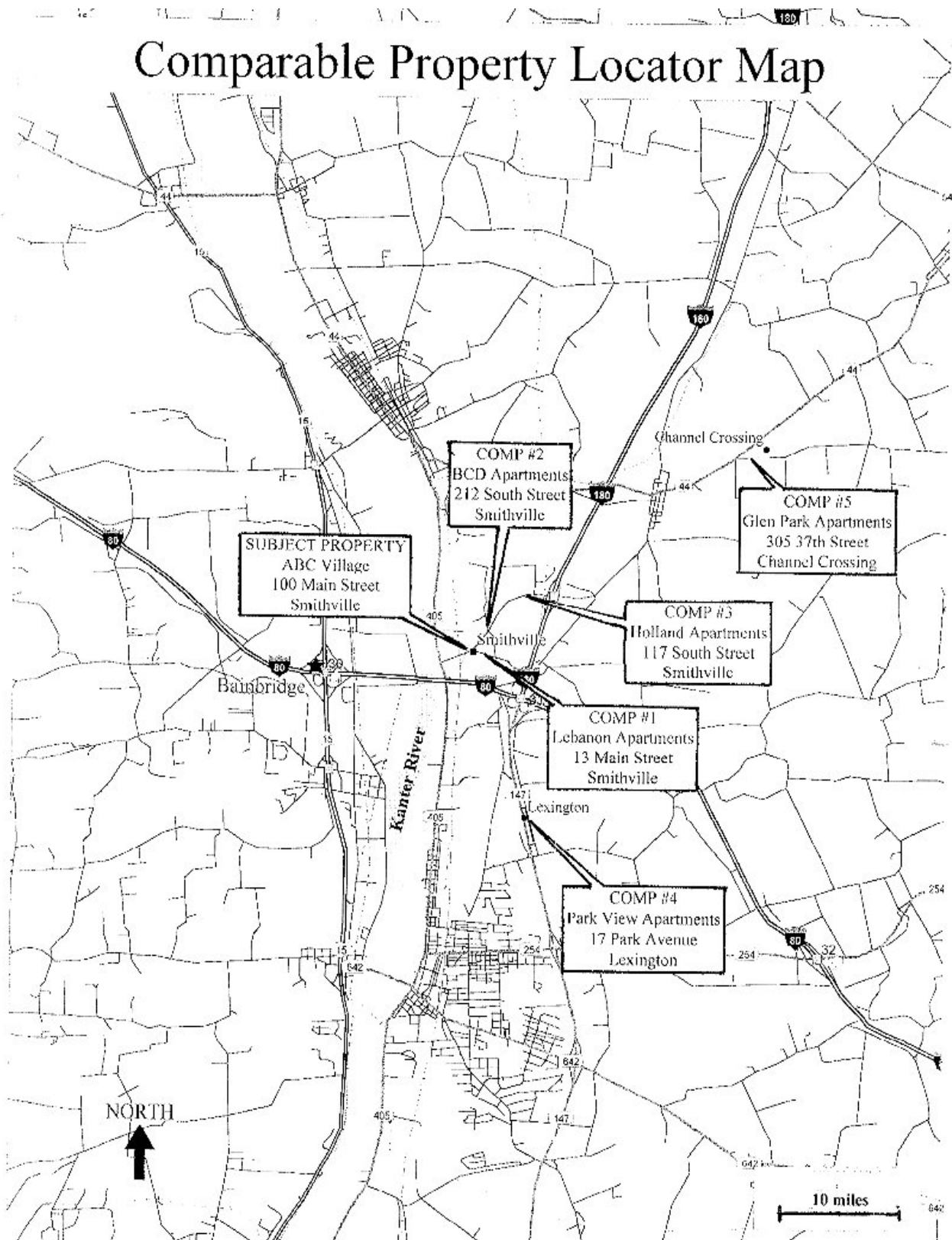
suitable comparables for the purpose of this RCS. One-bedroom and larger unit types were excluded, including the one-bedroom units in the subject facility.

The four that do provide efficiencies are Lebanon Apartments, BCD Village, Holland Apartments, and Park View Apartments. **Lebanon Apartments** and **BCD Village** are elderly projects, located within one mile of the subject and offering amenities similar to those at the subject. **Holland Apartments** is 75-unit family complex in Smithville (six miles away). It offers mostly one and two bedroom units and has only three efficiencies. **Park View** is located in Lexington about 13 miles from the subject. It was renovated in 1999 through the use of low income housing tax credits. It is a mixed income property, offering 30 efficiency units at market rents and 30 one-bedroom tax credit units to elderly residents earning less than 60% of median income. The property is in the rent up phase.

The appraiser conducted additional research to identify other comparable efficiencies that were outside the market area, contained rent restrictions or were less similar to the subject. Brokers, property managers and owners were consulted as well as staff at the senior center. Additional efficiencies were found at **Glen Park** -- a 50-unit, market-rate, elderly property located in Channel Crossing, a town 30 miles away and outside the market area. **Glen Park** is very similar to the subject property. It was built and renovated in the same time period, serves a similar population, and offers similar amenities. Ten of its units are efficiencies. The remaining units consist of 25 one-bedroom units and 15 two-bedroom units.

Generally, the appraiser believes that the comparables are of good quality. While one of the comparables (**Glen Park**) is outside of the market area and, thus, does not meet all of the target criteria in the HUD notice, all comparables are otherwise similar to the subject and the appraiser is confident that the adjustments made adequately valued the differences.

Based on information provided to the appraiser, none of the selected comparables are owned or managed by the entities having an identity - of - interest with the owner or management of the subject property.



Rent Comparability Grid

Unit Type

efficiency

Subject's FHA #:

12335666

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
ABC Village Apartments		Lebanon Apts		BCD Village Apts		Holland Apts		Park View Apts		Glen Park	
100 Main Street		13 Main Street		212 South Street		117 South Street		17 Park Ave		305 37th Street	
Smithville, ST		Smithville, State		Smithville, State		Smithville, State		Lexington, State		Channel Crossing, State	
A.	Rents Charged	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi
1	\$ Last Rent / Restricted?	\$505	N	\$500	N	\$415	N	\$525	N	\$525	N
2	Date Last Leased (mo/yr)	Dec-99		Feb-00		Feb-00		Mar-00		Jan-00	
3	Rent Concessions							1 month free (\$44)			
4	Occupancy for Unit Type	93%		93%		66%		82%		95%	
5	Effective Rent & Rent/ sq ft	\$505	1.01	\$500	0.91	\$415	0.83	\$481	0.88	\$525	1.17
In Parts B thru E, adjust only for differences the subject's market values.											
B.	Design, Location, Condition	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi
6	Structure / Stories	E/5		E/3		W U/3	\$15	G/2	\$15	E/7	
7	Yr Built/Yr Renovated	1950/80		1950/80		1955/85		1978/99	(\$30)	1958/75	
8	Condition /Street Appeal	G		G		F	\$20	G		G	
9	Neighborhood	G		G		G		E	(\$15)	G	
10	Same Market? Miles to Subj	Y/1-2		Y/1		Y/6		Y/13		N/30	(\$35)
C.	Unit Equipment/ Amenities	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi
11	# Bedrooms	0		0		0		0		0	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	450	(\$20)	550	(\$40)	500	(\$20)	550	(\$40)	450	
14	Balcony/ Patio	Y		N	\$10	N	\$10	Y		N	\$10
15	AC: Central/ Wall	C		C		N	\$10	C		W	
16	Range/ ReFrigerator	RF		RF		RF		RF		RF	
17	Microwave/ Dishwasher	N	(\$5)	D	(\$5)	D	(\$5)	D	(\$5)	N	
18	Washer/ Dryer	L	\$5	N	\$10	L		WD	(\$15)	L	
19	Floor Coverings	C		V	\$5	C		C		V	\$5
20	Window Coverings	B		B		B		B		D	
21	Cable/ Satellite/Internet	C		C		C		C, S, I	(\$5)	S	
22	Special Features	N		N		N		N		N	
23											
D	Site Equipment/ Amenities	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi
24	Parking (\$ Fee)	L/\$20	G/\$55 (\$5)	N	\$5	L/\$0	(\$20)	G/\$65 (\$5)		L/\$0	(\$20)
25	Extra Storage	Y		Y		Y		Y		N	\$15
26	Security	Y		Y		Y		N	\$10	N	\$10
27	Clubhouse/ Meeting Rms	MR		MR		MR		Y	\$5	MR	\$5
28	Pool/ Recreation Areas	N		N		P	(\$15)	R	(\$10)	N	
29	Business Ctr / Nhhd Netwk	N		N		N		N		N	
30	Service Coordination	N		N		N		Y		N	
31	Non-shelter Services	EC/T	\$10	EC/T		N	\$20	N	\$20	EC/T	
32											
E.	Utilities	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi	Data	\$ Adi
33	Heat (in rent?/ type)	Y/gas	N/gas \$25	Y/gas		Y/elec		N/gas \$25		Y/gas	
34	Cooling (in rent?/ type)	N/elec	N/elec	N/elec		N/elec		N/elec		N/elec	
35	Cooking (in rent?/ type)	N/elec	N/elec	N/elec		N/elec		N/elec		Y/elec	(\$5)
36	Hot Water (in rent?/ type)	Y/gas	N/gas \$10	Y/gas		Y/elec		N/gas \$10		Y/gas	
37	Other Electric	N		N		N		N		Y	(\$20)
38	Cold Water/ Sewer	Y		Y		Y		Y		Y	
39	Trash/ Recycling	Y		Y		Y		Y		Y	
F.	Adjustments Recan	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	2	4	4	2	5	4	4	8	5	2
41	Sum Adjustments B to D	\$15	(\$45)	\$30	(\$45)	\$75	(\$60)	\$50	(\$125)	\$45	(\$55)
42	Sum Utility Adjustments	\$35						\$35			(\$25)
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$5	\$95	(\$15)	\$75	\$15	\$135	(\$40)	\$210	(\$35)	\$125
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$510		\$485		\$430		\$441		\$490	
45	Adj Rent/Last rent		101%		97%		104%		92%		93%
46	Estimated Market Rent	\$485	\$1.08	Estimated Market Rent/ Sq Ft							

Joe Jones

Appraiser's Signature

Date

Attached are
explanations of:

a. why & how each adjustment was made
 b. how market rent was derived from adjusted rents
 c. how this analysis was used for a similar unit type

Grid was prepared: ☐ Manually ☐ Using HUD's Excel form

HUD 92273 - S8

Explanation of Adjustments and Market Rent Conclusions

ABC Apartments

Primary Unit Type- Efficiency - Small

A Rent Comparability Grid was prepared for the primary unit type with 450 sq. ft. The market rent for the 450-sq. ft. unit was adjusted to create a market rent for the secondary, 500-sq. ft. unit. The only difference in these unit types is their size.

Line 1. Last Rented / Restricted? All of the units are currently rented at the rates shown on the grid. Rents range from \$415 to \$525. No unit used in the analysis has any rent restrictions. However, *Park View* is a mixed-income property with half of the units set-aside for tax credit residents. The unit used in this analysis is market rate.

Line 2. Date Last Leased. The Grid shows the effective date of the leases most recently signed. Effective dates range from December 1999 to March 2000. No adjustments were necessary.

Line 3. Rent Concessions. *Park View* is currently offering one month of free rent with a 12-month lease. The 12th month is free after on-time payments are made for 11 consecutive months. The adjustment was derived by dividing the Line 1 rent by 12 months to arrive at a \$44 adjustment. The complex has undergone a substantial renovation and is currently in lease up. The new owner does not anticipate any vacancy problems, but wanted to offer concessions to quickly fill the units.

Line 4. Occupancy for Unit Type. According to data collected, the market area has historically maintained an occupancy level between 90 percent and 95 percent for efficiency units over the past several years. The comparables' current occupancy rates range from 66% to 95%. *Park View's* low 82% occupancy is due to its recent substantial renovation. Since the appraiser does not believe the rent level contributed to the *Park View* vacancies, no adjustment has been made. *Holland* has an overall occupancy rate of 94%, but a 66% occupancy rate in the efficiency apartments. There are only three efficiencies and one unit is vacant. The tenant vacated two months ago. The unit is being renovated and is not available for occupancy. Therefore, no adjustment was made.

Line 6. Structures / Stories. The subject, *Lebanon*, *BCD Village*, and *Glen Park* are elevator-buildings. *Holland* is a three-story walk up and *Park View* is a garden apartment complex. *Holland* and *Park View* were each adjusted upward \$15 for type of structure.

Area brokers reported that: 1) rents on units in buildings with elevators are consistently higher than rents for similar units in buildings without an elevator, regardless of which floor the unit is on; and 2) rents on similar units in buildings without elevators are

typically not affected by which floor the unit is on. These brokers noted that tenants found elevator buildings more attractive for several reasons – increased availability of common areas; possibility of views; sense of increased security; and convenient access to upper-level units. Typically, elevator buildings can command an additional \$10 to \$20 rent. Based on this information, a \$15 adjustment was made to the two comparables without elevators.

Line 7. Yr. Built/Yr. Renovated - The subject and three of the comparables (*Holland*, *Glen Park*, and *BCD Village*) are 1950's vintage, with renovations completed between 1975 and 1985. *Park View* was built in 1978 and was substantially renovated last year, with new exterior siding and windows and interior finishes including carpeting, flooring, and appliances. *Lebanon* was constructed 20 years after the subject, with renovations completed ten years ago. *Park View* was adjusted upward by \$30, and *Lebanon* was adjusted upward by \$15.

The three older comparables, like the subject, were constructed in the 1950's and show renovation dates within five years of renovation date of the subject; those three properties are similar in condition and utility and have a similar effective age to the subject. No adjustments were made to these properties. While a specific value attributable to age of a property is not readily quantifiable, the consensus of area leasing agents has been that each five-year increment of age reduces monthly rent potential by \$5 to \$10. Attributing the indicated \$1.50 to each year's difference in effective age exceeding a minimum threshold, a \$30 adjustment was made to *Park View* to reflect the almost-new condition of this comparable as compared to the subject's 20-year-old renovations. A \$15 adjustment was made to *Lebanon* to reflect the renovation date there ten years later than for the subject.

Line 8. Condition / Street Appeal. The subject and four of the comparables are in good condition and have good street appeal. *Holland's* exterior shows signs of deferred maintenance, including neglected landscaping. That comparable was adjusted upward \$20 for Condition/Street Appeal.

The subject and comparables were rated on a 5-point scale (Poor, Fair, Average, Good, Excellent). The subject and all the comparables except for *Holland*, were rated Good, with *Holland* rated Fair. The appraiser's experience in the subject market is that upkeep and appeal can add much as \$40 to rental rate, comparing the least appealing property to the most appealing, indicating an increment of \$10 for each incremental level of appeal. As the subject is rated two levels higher than *Holland*, that comparable was adjusted upward by \$20.

Line 9. Neighborhood. The subject, *Lebanon*, and *BCD Village* are located in the CBD of Smithville, a congested area with surrounding land used for light industry and businesses. *Glen Park* is located in a similar neighborhood in Channel Crossing. *Park View* is located about 13 miles from the subject, outside the city limits and surrounded by

residential properties. That comparable was adjusted upward by \$15 for Neighborhood/Location.

The subject and comparable were rated on a 5-point scale (Poor, Fair, Average, Good, Excellent). The subject and all the comparables except for *Park View* were rated Good, with *Park View* rated Excellent. The appraiser's experience in the greater Smithville area is that location can add much as \$60 to rental rate, comparing the least desirable commercial location to the most desirable purely residential location, indicating an increment of \$15 for each incremental level of appeal. While the subject's location in a higher-density area near commercial uses is likely an advantage to the senior tenants there, the estimation of market rent must consider the decision calculus of the typical renter, rather than any particular age or income group. As the subject is rated one level lower than *Park View*, that comparable was adjusted downward by \$15.

Line 10. Same Market? Miles to Subject. *Glen Park* is the only comparable that is outside the market. It is located in Channel Crossing about 30 miles north of Smithville on State Route 44. That comparable was adjusted downward by \$35 to adjust for Market.

Channel Crossing is a suburb of the state capital (Gotham) and has higher property values than Smithville. To arrive at an adjustment, the Appraiser interviewed local brokers and apartment owners that have direct experience with both markets. The market data provided by brokers and managers indicated that rents in Channel Crossing are \$30 to \$50 higher than in the subject market area. The appraiser found that generally a \$40 to \$50 difference existed in larger units (two bedroom) and a \$30 to \$40 difference existed in smaller units (efficiencies and one bedrooms). Hence, a \$35 adjustment was made to Glen Park to reflect the difference for efficiencies between the two markets (this adjustment is also consistent with the \$34 difference in fair market rents for the two communities).

Line 13. Unit Square Footage. Four of the five comparables are larger than the subject. The appraiser adjusted the larger comparables by \$.40 per square foot to account for size differences in increments of 50 square feet.

To value the size differences between the subject and these comparables, the appraiser reviewed the indicated rents after adjustments for all characteristics except size. The appraiser concluded that there is a value of \$20 for each 50 square feet above the subject's 450 square feet, or \$0.40 per square foot. Additional market evidence for an appropriate adjustment was provided by the current rental rates at Holland, which offers two different two-bedroom, one and a half bath plans—a 755 sq. ft. two-bedroom plan and a 855 sq. two-bedroom plan. The difference in rent between the two plans is \$35, indicating an incremental rental value per sq. ft. of \$.35, based on the 100 sq. ft. size differential. That figure is consistent with the appraiser's adjustment for a studio at \$.40 per sq. ft., as the value of additional square footage in a studio plan would at least equal or exceed the value of additional square footage in a two-bedroom plan. In summary, a

\$20 negative adjustment was made to **Holland** and **Lebanon** (both 50 square feet larger than the subject units), and a \$40 negative adjustment was made to **Park View** and **BCD Village** (both 100 square feet larger than the subject units).

Line 14. Balcony / Patio. A \$10 adjustment was made to comparable properties that lacked balconies.

Line 15. AC: Central/Wall. The subject has central air conditioning, as do three of the comparables. **Holland** does not provide air conditioning, but tenants may install their own window units. According to local property managers, tenants consider it worth \$10 per month not to have the nuisance of installing a window unit. **Glen Park** has wall units provided, but no adjustment has been made because there is no evidence of a marketable difference in rent between central air and wall units in efficiencies in this market.

Line 17. Microwave/Dishwasher. **Park View**, **Lebanon**, **Holland**, and **BCD Village** all have dishwashers and the subject does not. In efficiency units in this market, tenants place a minimal value on these amenities. Therefore, a nominal negative adjustment of \$5 was made to the comparables for this amenity.

Line 18. Washer/Dryer. The subject has a coin-operated laundry facility. Three of the comparables have different configurations for laundry services, warranting adjustments ranging from \$5 to \$15.

Park View provides stacked, washer-dryer units in each apartment. Based on the experience in this market, renters appear willing to pay a \$15 premium for in-unit washer/dryer combinations, compared to the more common central laundry room configuration. A downward \$15 adjustment was thus made to **Park View**. **Lebanon** has hook-ups available in each unit and does *not* have a common laundry. In this market, renters generally prefer common laundries to hook-ups. **BCD Village** has no laundry facilities at all. The Appraiser made a \$5 upward adjustment to **Lebanon** and a \$10 upward adjustment to **BCD Village**, respectively to reflect the inferior laundry facilities there.

Line 19. Floor Covering. All but two of the comparables have carpeting like the subject. Those comparables that have only vinyl floors were allocated a positive \$5 adjustment to reflect the inferior floor covering.

Line 20. Window Coverings. **Glen Park** has drapes and the subject has blinds. Since the market does not recognize a rent differential between blinds and drapes, no adjustment was made.

Line 21. Cable / Satellite / Internet. All of the comparables and the subject have either cable or satellite service available. All the properties require that the tenants pay for their own cable/satellite service. Since **Park View** also has internet service in all the units, a nominal \$5 negative adjustment was made; although internet service typically costs more

than that amount, there is no market evidence that renters will pay an increment in rent anywhere close to the actual cost of that service.

Line 24. Parking. The parking adjustment has three components: availability, cost and type.

Parking availability. The subject offers some on-site parking, with a 0.40 ratio of spaces to apartment units (or 20 spaces for 50 units), but not all tenant households can be accommodated. All the comparables offer on-site parking except **BCD Village**, where residents who need parking typically pay \$20 per month to park in a lot several blocks away. That comparable was adjusted upward by \$5 for the lack of any on-site parking. The minimal adjustment amount reflects the relatively low space-to-unit parking ratio at the subject.

Cost of parking/Type of parking facility. **Holland** and **Glen Park** were each adjusted downwards by \$20 to reflect free parking, compared to the \$20 charge at the subject. **Lebanon** and **Park View** charge \$55 and \$65, respectively, for parking. The upward adjustment for the higher parking cost is balanced out, in part, by a necessary downward adjustment to reflect that both these properties offer garage parking instead of surface lot parking. Specifically, **Lebanon** would be adjusted upward by \$35 to reflect the higher parking cost compared to the subject (\$55 compared to \$20), but the downward adjustment for garage parking, versus surface lot, at \$40 results in a net downward adjustment of \$5 (\$40 is the current quoted incremental rate for monthly garage rentals in Downtown Smithville, compared to surface lot rates). **Park View** would be adjusted upward by \$45 to reflect the higher parking cost compared to the subject (\$65 compared to \$20), but the downward adjustment for garage parking, versus surface lot, at \$50 results in a net downward adjustment of \$5 (\$50 is the current quoted incremental rate for monthly garage rentals in Lexington, compared to surface lot rates).

Line 25. Extra Storage. The subject and four comparables offer extra storage space. The one comparable that does not offer extra storage space was adjusted upward by \$15.

The subject and four of the comparables have extra storage space available outside the living unit. Since the efficiency apartments are small, this extra storage space is desirable. Typically, these spaces are about half the size of the smallest storage units available in self-storage facilities in the market area for \$30 per month, suggesting that the storage spaces provided with those apartments are worth at least \$15. Accordingly, a positive \$15 adjustment is made for the lack of storage at **Glen Park**.

Line 26. Security. The subject, **Holland** and **Lebanon** have electronic entry systems. **Park View** has limited security with dead bolts on the doors. **Glen Park** does not have a secured entrance. Based on conversations with local brokers and property managers and an analysis of the market data, the appraiser concluded that a \$10 adjustment is warranted to reflect the appeal to the market of the subject's entry system. Crime is not a problem in the area.

Line 27. Clubhouse / Meeting Rooms. Since *Glen Park* and *Park View* have no community meeting rooms, a nominal \$5 adjustment was made.

Line 28. Pool / Recreation Areas. The subject has no recreation facilities of any type. The comparables were adjusted by \$10 for a fitness room/on-site gym and \$15 for a swimming pool.

Park View has a fitness room with weights and aerobic equipment. *Holland*, the family project, has an outdoor swimming pool. *Park View* was adjusted negatively by \$10 to reflect the fitness room and *Holland* was adjusted by \$15 to reflect the swimming pool amenity. The adjustments were based on the appraiser's experience in the subject market. The greater value placed on a pool compared to a gym facility are typical of markets in warmer climates such as the subject, where the pool is open for use during most of the year. The \$15 adjustment for a pool is based on the appraiser's interview with the manager of Blue Oak Apartments in Smithville. A second phase of that complex (offering essentially the same unit mix) was completed approximately two years after the first phase. The units in the second phase had access to a pool, which amenity was not provided in the first phase. The units in the second phase currently rent for \$30 more, on average, than available units in the first phase. The property manager there said that he considered half of the difference in the \$30 rent differential to be accounted for by the newer condition and slightly larger size of the units in the second phase, and half the difference in the rental rate to be accounted for by the availability of the pool.

Line 31. Non-Shelter Services. The subject property offers several amenities geared to its elderly tenancy: emergency call system, community sitting and meeting room, and limited transportation. The appraiser adjusted comparables that lack an emergency call system by \$10 and the comparable that did not provide any transportation by \$10.

Two comparables (*Holland* and *Park View*) have no elderly services. *Glen Park*, *BCD Village* and *Lebanon* have pull cords in each unit, and *Glen Park* and *BCD Village* also offer limited transportation for residents. The property manager at *Glen Park* reported that, based on his experience leasing units at another complex that does not offer elderly services, elderly tenants requiring these elderly services will typically pay up to \$50 additional rent for the emergency services and the availability of transportation. Based on this information and the fact that only a portion of the market would value these services, the appraiser estimated that the market overall would place a \$10 value on the pull cords and a \$10 value for the availability of transportation. Positive adjustments were made accordingly to *Lebanon*, *Holland*, and *Park View*.

Line 33. Heat. Heat is included in the rent at the subject and three of the comparables. At *Lebanon* and *Park View*, residents pay their own heat, for which the appraiser made a positive adjustment of \$25.

Gas is the heat source at both of these complexes. The Smithville Housing Authority's published utility allowances estimate gas heat for efficiencies in this market to be \$25.

While published utility allowances tend to provide an upper limit to what renters will pay for any particular owner-paid utility item, the appraiser specifically confirmed, with local leasing agents and the property manager at Lebanon, that \$25 per month was a reasonable estimate of the amount tenants would expect to pay for gas heat in this market. Based on this information, a positive \$25 adjustment was made to *Lebanon* and *Park View*.

Line 35. Cooking. At the subject property and four of the comparables, electricity used for cooking is not included in the rent. Tenants must pay for this separately. However, at *Glen Park*, all utilities are included in the rent. The Appraiser made a negative \$5 adjustment at *Glen Park* because, in his judgment, a knowledgeable tenant would expect to pay slightly less if electricity for cooking was not included in the rent. This adjustment is consistent with utility allowances published by the housing authorities in both Smithville and Channel Crossing.

Line 36. Hot Water. The cost of heating hot water is included in the rent at the subject and three of the comparables. At *Lebanon* and *Park View*, tenants pay for hot water. Gas is the heat source at both of these complexes. The Smithville Housing Authority's published utility allowances estimate gas hot water for efficiency in this market to be \$10. The Appraiser confirmed, with local brokers and the property manager at Lebanon, that \$10 per month was a reasonable estimate of the amount tenants would expect to pay for gas hot water in this market. Based on this information, a positive \$10 adjustment was made to *Lebanon* and *Park View*.

Line 37. Other Electric. At the subject property, the electric utility charges associated with lights and plugs ("Other Electric") are not included in the rent. Tenants must pay for this separately. This is also the case at four of the comparables. However, at *Glen Park* all utilities, including electricity for lights and plugs, are included in the rent, for which the appraiser made a downward adjustment of \$20.

According to the utility allowances published by the housing authorities in Smithville and Channel Crossing, the cost of electricity for lights and plugs is typically \$20 per month. While published utility allowances tend to provide an upper limit to what renters will pay for any particular owner-paid utility item, the appraiser specifically confirmed with local leasing agents and the property manager at *Lebanon* that \$20 per month was a reasonable estimate of the amount tenants would expect to pay for electric utility charges associated with lights and plugs in this market. The appraiser made a negative \$20 adjustment at *Glen Park* to indicate that tenants would typically be willing to pay \$20 less if they were required to pay directly for "Other Electric".

Line 46. Conclusion of Market Rent, Primary Unit Type. The Appraiser concluded the market rent for the 450 square foot efficiency units to be \$485, which is \$1.08 per square foot.

- a. The adjusted rents range from \$430 to \$510. *Lebanon* and *BCD Village* are the best comparables, because they are most similar to ABC Village Apartments. Both complexes are located in the subject's neighborhood within a mile of the subject,

lease to the elderly and offer elderly services, and are elevator buildings with comparable street appeal. Therefore, greatest weight was placed on Lebanon and BCD Village.

- b. **Glen Park** is a good comparable except for the fact that it is outside the subject's market area. Less weight was placed on it for this reason.
- c. Minimal weight was given to **Holland** and **Park View**, which are outside the subject's neighborhood and are not elevator buildings. Further, Holland is a family complex and Park View required the most adjustments (*primarily because it just recently completed renovation, is still in lease up, lacks elderly amenities, and is located in a more desirable location*).

Conclusion of Market Rent, Secondary Unit Type. Since the two unit types would be identical except for the 50 square foot difference in size, a separate grid was not prepared. A rental conclusion for 500 sq. ft. units was obtained by adjusting the primary, 450 sq. ft. unit by the appropriate square foot adjustment (\$20 for 50 square feet, as computed in Comment #13 above). The Appraiser concluded market rent for the larger, 500 sq. ft. efficiency units to be \$505 -- the primary unit's \$485 rent plus the \$20 adjustment. This is \$1.01 per square foot.

Lebanon Apartments
13 Main Street

Smithville, ST 00012

Management Agent: XXX Management

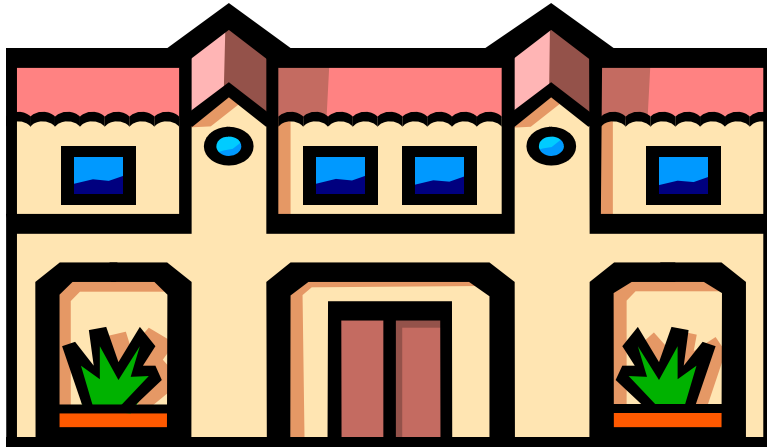
Contact: Ira Menzer

Contact Phone: (000) 555-4444

County: Gloucester

Cross Street: Broad and Main Street

Neighborhood: Highlands



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	3	Y	\$505	500	N
1 / 1	45	N			
2 / 1.5	2	N			

Total Units: 50

Project Occupancy: 93%

Charges in Addition to Rent: Garage parking available for \$55

Subsidies and Restrictions at Project: None

Other Comments: Elderly project

Date Information Verified: 3 / 22 / 00

BCD Apartments
212 South Street
Smithville, ST 00012

Management Agent: **ABC Management**

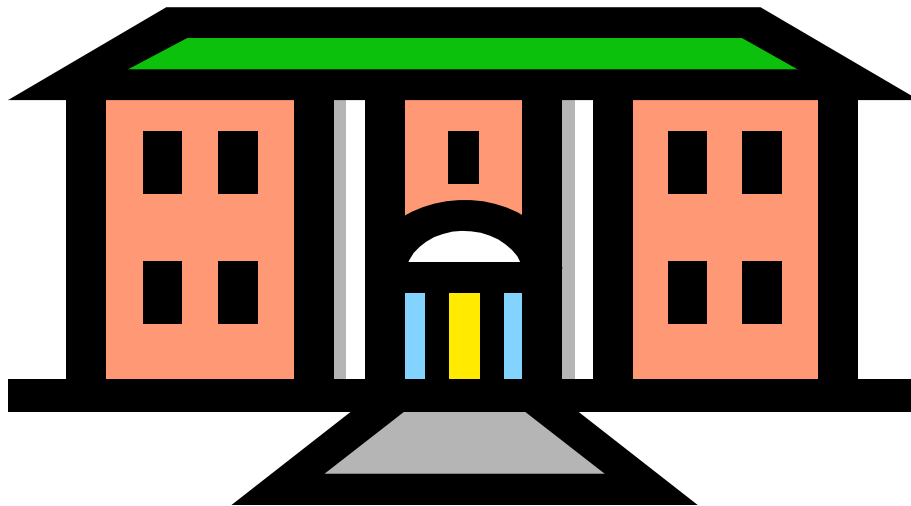
Contact: **Betty Smith**

Contact Phone: **(000) 555-6666**

County: **Gloucester**

Cross Street: **South and Main Street**

Neighborhood: **Highlands**



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	25	Y	\$500	550	N
1 / 1	25	N			

Total Units: 50

Project Occupancy: 93%

Charges in Addition to Rent:

Subsidies and Restrictions at Project: None

Other Comments:

Date Information Verified: 3 / 18 / 00

Holland Apartments
117 South Street

Smithville, ST 00012

Management Agent: **XXX Management**

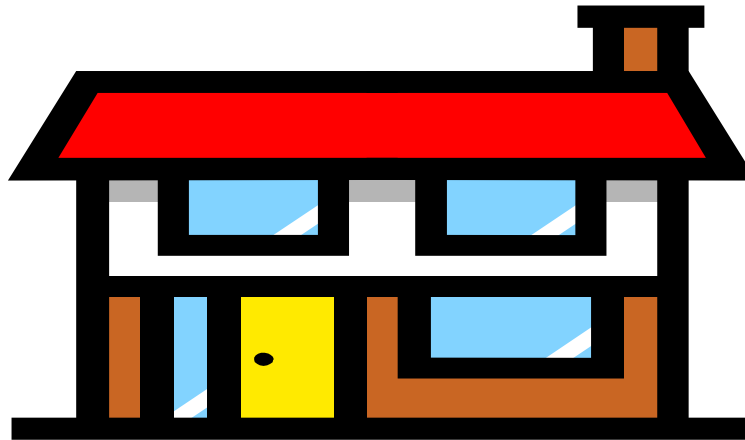
County: **Gloucester**

Contact: **Ira Menzer**

Cross Street: **Broad and Marginal Way**

Contact Phone: **(000) 555-4444**
residential

Neighborhood: **Mixed commercial &**



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	3	Y	\$415	500	N
1 / 1	48	N			
2 / 1.5	24	N			

Total Units: 75

Project Occupancy: 94%

Charges in Addition to Rent:

Subsidies and Restrictions at Project: None

Other Comments:

Date Information Verified: 3 / 22 / 00

Park View Apartments
17 Park Avenue

Lexington, ST 00456

Management Agent: 123 Management

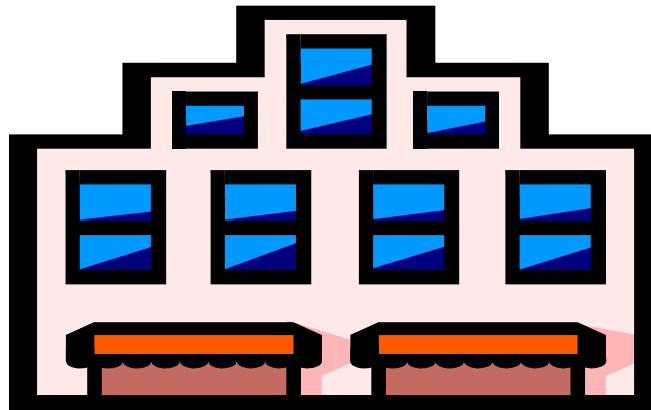
County: Gloucester

Contact: Janet Spence

Cross Street: Main Street at Maple Ave

Contact Phone: (000) 555-5555

Neighborhood: Residential



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	30	Y	\$525	550	N
1 / 1	30	N			

Total Units: 60

Project Occupancy: 80%

Charges in Addition to Rent: Garage parking available for \$65

Subsidies and Restrictions at Project: One-bedroom units are restricted to households earning less than 60% of median income. Rent is based on requirements of low-income housing tax-credit regulations.

Other Comments: Elderly project

Date Information Verified: 3 / 20 / 00

Glen Park
305 37th Street

Channel Crossing, ST 00123

Management Agent: XYZ Management

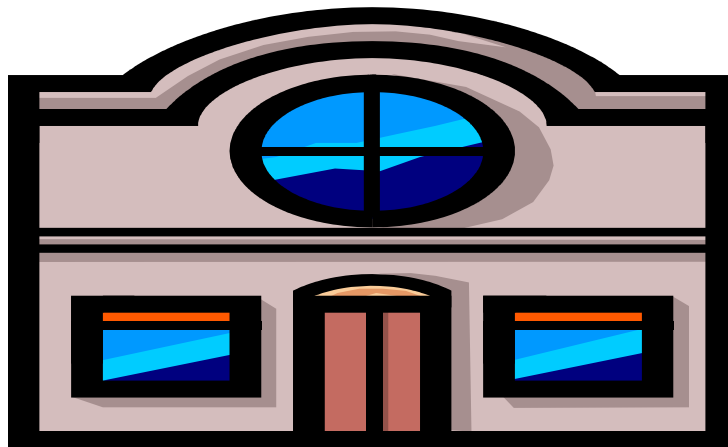
County: Jefferson

Contact: John Adams

Cross Street: Pleasant Avenue and 37th

Contact Phone: (000) 666-5555

Neighborhood: Park East



Unit Type	No. of Units	Used as Comp in RCS? (Y/N)	Average Rent	Interior Size (SF)	Any Rent Restrictions? (Y/N)
0 / 1	10	Y	\$525	450	N
1 / 1	25	N			
2/1	15	N			

Total Units: 50

Project Occupancy: 98%

Charges in Addition to Rent:

Subsidies and Restrictions at Project: None

Other Comments: Elderly project

Date Information Verified: 3 / 29 / 00

Appraiser Certification**Project Name:** ABC Village Apts**FHA Project No :** 12335666**By my signature below, I certify that, to the best of my knowledge and belief:**

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective financial interest in the above property, its ownership or management agent entity, or the principals of those entities. I am not an employee of those principals or entities and I have no business or close personal/family interest with those parties that commonly would be perceived to create bias or a conflict of interest.
4. I have no bias with respect to the property that is the subject of this report or to the ownership or management parties involved with this assignment.
5. My engagement in and compensation for this assignment were and are not contingent upon the reporting of a predetermined rent or direction in rent. My fee is my only compensation for this rent study assignment. There are no other side agreements or considerations.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and all applicable HUD procedures for performing Rent Comparability Studies for Section 8 contracts.
7. Joe Jones & Sharon Allen inspected the interior and exterior of the subject property. Sharon Allen inspected the exteriors of the properties used as comparables in this report.
8. No one provided significant professional assistance to the person signing this report except the persons listed here: Sharon Allen, Assistant Appraiser. If anyone is listed here, his/her contribution is identified in the Scope of Work section of this report.
9. I am a certified general appraiser, licensed and in good standing with the state appraiser regulatory agency where the subject property is located and I meet all of the appraiser qualifications required in HUD's rent comparability procedures.
10. I am not debarred or suspended from doing business with the Federal Government. I also am not under a Limited Denial of Participation (LDP) imposed by the HUD Multifamily HUB or Program Center having jurisdiction over the Section 8 project. Any LDPs in effect now or in the past three years were imposed by the following HUD offices. None

Warning: If you knowingly make a false statement on this form, you may be subject to civil penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000.00 for each violation.

Appraiser's Name: Joe Jones**Signature:** Joseph Jones**Date:** 4/15/00**Permanent License No:** CG2222**Issuing State:** ST**Expires:** 4/15/01**Did you prepare the RCS under a temporary license?** No *If so, attach a copy of the temporary license.*

Subject Photos

Additional Photos of Comps

HUD's Initial Screening Checklist

RCS Submission Date
Initial Assessment Due Date

Property Information

Property Name	<input style="width: 100%;" type="text"/>		
Street	<input style="width: 100%;" type="text"/>		
City		State	<input type="text" value="dropdown"/>
Total # of Units		# of Buildings	<input style="width: 100%;" type="text"/>
Total # of Section 8 Units		Building Type	<input type="text" value="dropdown"/>
# of Primary Unit Types		# of Secondary Unit Types	<input style="width: 100%;" type="text"/>
		Year Built	<input style="width: 100%;" type="text"/>
		Last Renovated	<input style="width: 100%;" type="text"/>
		Special Property Type	<input type="text" value="dropdown"/>

Section 8 Contract Information

Section 8 Contract Number	<input style="width: 100%;" type="text"/>	FHA Number, if applicable	<input style="width: 100%;" type="text"/>
Contract Expiration Date	<input type="text" value="MM/DD/YY"/>		
Date when RCS due	<input type="text" value="auto populates"/>		

Reviewer Information

Name of Reviewing Entity	<input style="width: 100%;" type="text" value="PBCA/HUD Field Office"/>	
Name of Reviewer performing Initial Assessment	<input style="width: 100%;" type="text"/>	
Date of Initial Review Assessment	<input type="text" value="MM/DD/YY"/>	Is Initial Review performed within 10 calendar days? <input type="text" value="auto-populates"/>
Name of Reviewer performing Substantive Assessment	<input style="width: 100%;" type="text" value="If assigned, at the time of Initial Assessment"/>	

Appraiser Information

RCS Appraisal Company Name	<input style="width: 100%;" type="text"/>	Assistant Appraiser Used	<input type="text" value="Yes/No"/>
Lead Appraiser Contact Information			
First Name	<input style="width: 100%;" type="text"/>	Phone	<input style="width: 100%;" type="text"/>
Last Name	<input style="width: 100%;" type="text"/>	Email Address	<input style="width: 100%;" type="text"/>

RCS Documentation Compliance Check

Owner's Cover Letter	<input type="text" value="Yes/No"/>	Dated	<input type="text" value="MM/DD/YY"/>	Signed	<input type="text" value="Yes/No"/>
Appraiser's Transmittal letter	<input type="text" value="Yes/No"/>	Dated	<input type="text" value="MM/DD/YY"/>	Signed	<input type="text" value="Yes/No"/>
Appraiser's Certification	<input type="text" value="Yes/No"/>	Transmittal letter includes Table of Estimated Market Rent			
<u>Required Content of RCS</u>		Dated	<input type="text" value="MM/DD/YY"/>	Signed	<input type="text" value="Yes/No"/>
Scope of Work	<input type="text" value="Yes/No"/>	Date of RCS Report	<input type="text" value="MM/DD/YY"/>	Date of data collection	<input type="text" value="MM/DD/YY"/> generally provided within scope of work
Description of Subject Property	<input type="text" value="Yes/No"/>	Includes "Name" and "Phone Number" of contact at Subject			
Color Photos of Subject Property	<input type="text" value="Yes/No"/>	At least 5 labeled photos of exterior & interior of the Subject			
Identification of Subject's Market Area	<input type="text" value="Yes/No"/>				
Description of Neighborhood	<input type="text" value="Yes/No"/>				
Narrative Describing Selection of Comparables	<input type="text" value="Yes/No"/>				
Locator map for Subject & Comparables	<input type="text" value="Yes/No"/>	# of Rent Grids Required	<input type="text" value="auto-populates"/>	# of Rent Grids submitted	<input type="text" value="conditional"/>
Rent Comparability Grid for each Primary Unit type	<input type="text" value="Yes/No"/>	Narrative included for each rent grid?			
Narrative Explaining Adjustments	<input type="text" value="Yes/No"/>	<input type="text" value="Yes/No"/>			
Narrative Explaining Market Rent Conclusion	<input type="text" value="Yes/No"/>	Name for each Comp	<input type="text" value="Yes/No"/>	Address of each Comp	<input type="text" value="Yes/No"/>
Comparable Property Profile for each Comparable	<input type="text" value="Yes/No"/>				
Photo of each Comparable (at least the project's exterior)	<input type="text" value="Yes/No"/>				
Appraiser's License, if applicable	<input type="text" value="Yes/No/NA"/>				

RCS Timeliness Compliance Check

Is RCS submitted within 120 days of contract expiration?	<input type="text" value="auto-populates"/>
Is RCS submitted within 90 days of preparation?	<input type="text" value="auto-populates"/>

ACS Based Market Threshold Test

Subject property's Median Market Rent (based on RCS)	<input style="width: 100%;" type="text"/>
Median Gross Rent Estimate as per U.S. Bureau of Census, based on Project's Zip Code	<input style="width: 100%;" type="text"/>
140% of Median Gross Rent Estimate as per U.S. Bureau of Census	<input type="text" value="auto-populates"/>
TEST: Subject property's Median Market Rent (based on RCS) is	<input type="text" value="auto-populates"/> 140% of Median Gross Rent Estimate.
HUD-Commissioned RCS Required?	<input type="text" value="auto-populates"/>

HUD's Initial Screening Checklist

RCS determined "Complete" for Substantive Review	Follow Up Needed
<p>Certified by:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>First name <input style="width: 80%;" type="text"/></p> <p>Last Name <input style="width: 80%;" type="text"/></p> <p>Date Initial Assessment completed <input style="width: 80%;" type="text"/></p> <p>Title <input style="width: 80%;" type="text"/></p> <p>Telephone Number <input style="width: 80%;" type="text"/></p> <p>Email Address <input style="width: 80%;" type="text"/></p> </div> <div style="width: 45%;"></div> </div> <p>Additional Comments: type notes here.....</p> <div style="height: 100px; background-color: #D9E1F2; border: 1px solid black;"></div> <p>Next Steps:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Sent to Substantive Reviewer <input style="width: 80%;" type="text" value="Yes/No"/></p> <p>Date sent to Substantive Reviewer <input style="width: 80%;" type="text" value="MM/DD/YY"/></p> <p>HUD/CA response due within 30 calendar days of receipt of complete RCS <input style="width: 80%;" type="text" value="auto-populates"/></p> <p>Due date for HUD/CA to respond to Owner <input style="width: 80%;" type="text" value="auto-populates"/></p> </div> <div style="width: 45%;"></div> </div>	<p>Certified by:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>First name <input style="width: 80%;" type="text"/></p> <p>Last Name <input style="width: 80%;" type="text"/></p> <p>Date Initial Assessment completed <input style="width: 80%;" type="text"/></p> <p>Title <input style="width: 80%;" type="text"/></p> <p>Telephone Number <input style="width: 80%;" type="text"/></p> <p>Email Address <input style="width: 80%;" type="text"/></p> </div> <div style="width: 45%;"></div> </div> <p>Notes on Deficiencies: type notes here.....</p> <div style="height: 100px; background-color: #D9E1F2; border: 1px solid black;"></div> <p>Next Steps:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Follow up with Appraiser <input style="width: 80%;" type="text" value="Yes/No"/></p> <p>Follow up with Owner <input style="width: 80%;" type="text" value="Yes/No"/></p> <p>Consult with In-House SME <input style="width: 80%;" type="text" value="Yes/No"/></p> <p>Response from Owner/Appraiser due within 7 calendar days <input style="width: 80%;" type="text" value="MM/DD/YY"/></p> <p>Date complete RCS package received from Owner <input style="width: 80%;" type="text" value="MM/DD/YY"/></p> <p>Due date for HUD/CA to respond to Owner <input style="width: 80%;" type="text" value="auto-populates"/></p> <p style="text-align: right;">HUD Commissioned RCS Required <input style="width: 80%;" type="text" value="Yes/No"/></p> </div> <div style="width: 45%;"> <p>Date of Follow-Up <input style="width: 80%;" type="text" value="MM/DD/YY"/></p> <p>Date of Follow-Up <input style="width: 80%;" type="text" value="MM/DD/YY"/></p> <p>Date of Follow-Up <input style="width: 80%;" type="text" value="MM/DD/YY"/></p> </div> </div>

Initial Screening Checklist

Appendix 9-5-2: HUD's Detailed Screening Checklist for RCS

Date when complete RCS package received from Owner	MM/DD/YYYY
Due date for HUD/CA to respond to Owner	auto-populates
Date when Detailed Screening started	MM/DD/YYYY

Part A. Scope of Work

1) Inspection of Subject Property

RCS Appraiser provides date of inspection of subject

Yes/No

RCS Appraiser conducted a physical inspection of the subject

Yes/No

RCS Appraiser provides information on how unit size(s) were verified

Yes/No

Are units being renewed located on scattered sites

Yes/No

Does the subject property have any non-section 8 (unassisted) units

Yes/No

Do the entries on the subject's characteristics match information on the Rent Grid

Yes/No

Type notes here.....

2) Data Collection for Comparable

RCS Appraiser provides information on how rent, condition and amenity data on comparables were collected and verified

Yes/No

Type of inspection performed on comparables

Type notes here.....

3) Data Collection Issues

RCS Appraiser provides type of assistance received from assistant appraisers, if applicable

Yes/No

RCS Appraiser provides details on any data that was unobtainable or estimated, and all efforts to obtain that data

Yes/No

Type notes here.....

Part B. Description of Subject Property

4) Site Characteristics & Improvements

Includes details on # of buildings, design, construction material, structure type, topography, access to site, etc.

Yes/No

Type notes here.....

5) Unit Mix of All Units

Includes details on unit mix for all revenue-producing units in the project, not just Section 8 units

Yes/No

Type notes here.....

6) Condition of Subject Property

Includes information on age of property, state of repair, any recent/planned rehab or refurbishing

Yes/No

Includes 3-5 labeled, color photos of exterior and interior of subject property

Yes/No

Type notes here.....

7) Tenant Profile

Population or Occupancy group targeted for this Project

dropdown

If "Other", enter the type of occupancy group here

Comparables selected are relevant and appropriate given tenant profile?

Yes/No

Type notes here.....

8) Unit Design and Amenities

RCS Appraiser provides a summary of unit design and amenities

Yes/No

Type notes here.....

9) Utilities

Utilities included in Rent?

Yes/No/Some

List utilities available, and/or included.....

Appendix 9-5-2: HUD's Detailed Screening Checklist for RCS

10) Project Service/Site Amenities

RCS Appraiser identifies amenities offered at the subject property	Yes/No/NA
RCS Appraiser identifies which amenities included in the rent or charged for separately	Yes/No/NA
Project includes non-shelter services (service coordination, neighborhood networks, call systems, transportation, meals, etc.)	Yes/No
List services/amenities provided such as parking, storage, recreational facilities, community areas, security, neighborhood networks, transportation, meal services, social or educational activities, emergency call systems, laundry, or housekeeping, and any other amenities for elderly or disabled.	

Part C. Identification of Subject's Market Area & Neighborhood

11) Subject's Market Area

RCS Appraiser identifies the geographic area for Subject's target market	Yes/No
RCS Appraiser's definition of market appropriately described in detail	Yes/No
Type notes here.....	

12) Neighborhood

RCS Appraiser provides information on demographics, accessibility, property uses, employment drivers, social outlets, and civil uses	Yes/No
RCS Appraiser provides information on access to schools, recreation, transportation, shopping, medical, employment centers, etc.	Yes/No
RCS Appraiser provides information on nuisance (street noise), crime rates or other factors affecting quality of neighborhood	Yes/No
Type notes here.....	

Part D. Selection of Comparables

13) Process for Selection

RCS Appraiser provides a detailed explanation of the process or methodology used for selecting the comparables	Yes/No
Did the subject property have non-section 8 (unassisted units with same # of bedrooms) that were not used as comparables	Yes/No/NA
Does the RCS appraiser provide adequate explanation for the reasons to exclude certain comparables or unit types in the selection process	Yes/No
If applicable, RCS appraiser selected comparables for each primary unit type	Yes/No/NA
Type notes here.....	

14) Comparables Selected

All comparables selected meet the six-point criteria as provided under Section 9-10 of Chapter Nine	Yes/No
If selected comparables do not meet the six-point criteria, answer the following questions:	
RCS Appraiser selected less than 5 comparables	Yes/No
RCS Appraiser selected comparables that are significantly dissimilar to subject (e.g. # of bedrooms, services, building structure)	Yes/No
RCS Appraiser selected comparables that are outside the subject's market area	Yes/No
If comparables are from outside the market, RCS appraiser compared rent levels in the alternate market with those of the subject's market	Yes/No/NA
RCS Appraiser used rent restricted units as comparables	Yes/No
Did RCS Appraiser use any comparables with an identity-of-interest with the Owner or Agent of subject property	Yes/No
Type notes here.....	

15) Locator Map

Locator map identifies subject property and each comparable	Yes/No
Map clearly marks major roadways and natural or man-made barriers (e.g. rivers, freeways, railways, etc.)	Yes/No/NA
Type notes here.....	

16) Comparable property Profiles

Profile includes name and contact information with whom the appraiser verified or collected information on comparables	Yes/No
Profile includes a rent/unit mix table that shows <i>all</i> units at the comparable grouped by major types, and indicates those used in rent grid	Yes/No
Profile shows project-wide occupancy	Yes/No
Profile notes any additional charges that tenants pay in addition to rent	Yes/No/NA
Profile describes any rent/income/use restrictions or tenant rent subsidies (vouchers, state payments, certificates etc.) at the comparable	Yes/No/NA
Do the entries for comparables in the Rent Grid match information on the Comparables' Property Profile	Yes/No
Type notes here.....	

Appendix 9-5-2: HUD's Detailed Screening Checklist for RCS

Part E. Substantive Reviewer Information

Detailed Screening Completed by:

First name

Last Name

Title

Telephone Number

Email Address

Date when Detailed Screening completed

MM/DD/YYYY

Additional Comments:

type notes here.....

Date when complete RCS package received from Owner
 Due date for HUD/CA to respond to Owner
 Date when Rent Grid Analysis started

MM/DD/YY
auto-populates
MM/DD/YY

Rent Grid Analysis Checklist

To be used in conjunction with Notes to Rent Grid Analysis and Second Review Triggers (see appendix 9-5-4)

Line Item	Subject	Trigger for Second Review	Second Review Required?	Reviewer Comments
1	\$ Last Rent/Restricted	RCS uses restricted properties, independent or assisted living facilities or master-planned retirement communities as comparables.	Yes / No	Type notes here...
2	Date Last leased		Yes / No	Type notes here...
3	Rent Concessions	Adjustment amount is not equal to the difference between Nominal Rent and Effective Rent.	Yes / No	Type notes here...
4	Occupancy Rate		Yes / No	Type notes here...
6	Structure / Stories		Yes / No	Type notes here...
7	Year Built / Year Renovated	Adjustment amount exceeds \$5 for each year of age difference.	Yes / No	Type notes here...
8	Condition / Street Appeal	Adjustment amount exceeds \$20 for each level of difference in ratings (or \$15 for each level of difference if the RCS also shows an adjustment on Line 7).	Yes / No	Type notes here...
9	Neighborhood	Adjustment amount exceeds \$20 for each level of difference in ratings.	Yes / No	Type notes here...
10	Same Market		Yes / No	Type notes here...
11-13	# of Bedrooms / Bathrooms / Unit Interior Square Feet	Unit size adjustment for size difference of less than 25 square feet.	Yes / No	Type notes here...

Rent Grid Analysis Checklist*To be used in conjunction with Notes to Rent Grid Analysis and Second Review Triggers (see appendix 9-5-4)*

Line Item	Subject	Trigger for Second Review	Second Review Required?	Reviewer Comments
14	Balcony/Patio		Yes / No	Type notes here...
15	AC / central vs. wall		Yes / No	Type notes here...
16	Range / Refrigerator		Yes / No	Type notes here...
17	Microwave / Dishwasher		Yes / No	Type notes here...
18	Washer / Dryer		Yes / No	Type notes here...
19	Floor Coverings		Yes / No	Type notes here...
20	Window Coverings		Yes / No	Type notes here...
21	Cable / Satellite / Internet		Yes / No	Type notes here...
22	Special Features		Yes / No	Type notes here...
24	Parking		Yes / No	Type notes here...

Rent Grid Analysis Checklist

To be used in conjunction with Notes to Rent Grid Analysis and Second Review Triggers (see appendix 9-5-4)

Line Item	Subject	Trigger for Second Review	Second Review Required?	Reviewer Comments
25	Extra Storage		Yes / No	Type notes here...
26	Security		Yes / No	Type notes here...
27	Clubhouse / Meeting Rooms		Yes / No	Type notes here...
28	Pool / Recreation Areas		Yes / No	Type notes here...
29-31	Business / Center / Service Coordination / Non-Shelter Services	Total net adjustment for Lines 29 - 31 exceeds \$30.	Yes / No	Type notes here...
33-39	Utilities	Adjustment amount for a utility category exceeds the respective published allowance.	Yes / No	Type notes here...
46	Estimated Market Rent		Yes / No	Type notes here...

Reviewer Information

Rent Grid Analysis Reviewed by:

First name	
Last Name	
Title	
Telephone Number	
Email Address	
Date when Rent Grid Analysis completed	MM/DD/YY

Additional Comments:

type notes here.....

After completing the 'Detailed Screening' and 'Rent Grid Analysis', the Substantive Reviewer must complete the Certification and/or Issues Memo if applicable.

Rent Grid Analysis

Certification of Substantive Review

RCS Information

Name of Subject Property			
Section 8 Contract Number			
Date complete RCS package received	MM/DD/YYYY		
Due date for HUD/CA to respond to Owner	auto-populates		
Date when Detailed Screening Completed	MM/DD/YY		
Date when Rent Grid Analysis Completed	MM/DD/YY		
Second Review required for any line item(s)	Yes/No		Date Second Review completed for line item(s) MM/DD/YY

Certification of Substantive Reviewer

This is to confirm that I have performed a Substantive Review (comprising of 'Detailed Screening' and 'Rent Grid Analysis') of the aforementioned RCS. Submitted herein is my Substantive Review documentation.

I Certify, to the best of my knowledge and believe:

1) The facts and data reported and used in the review process are true and correct.	Yes/No
2) The analyses, opinions and conclusions in this review are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.	Yes/No
3) I have no present or prospective interest in the subject property, and no personal interest with respect to the parties involved.	Yes/No
4) I have no bias with respect to the subject property or to the parties involved with this assignment.	Yes/No
5) My engagement in this assignment is not contingent upon developing or reporting pre-determined results.	Yes/No
6) My engagement in this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review, or from its use.	Yes/No
7) My analyses, opinions and conclusions were developed, and the Substantive Review has been performed, in conformity with the Uniform Standards of Professional Appraisal Practice.	Yes/No
8) I personally inspected the subject property. [If applicable, provide date of inspection in notes below].	Yes/No
9) I personally inspected the comparable(s). [If applicable, provide name of comparable(s) inspected below].	Yes/No
9) No one provided me with significant professional assistance in completing this review. [If applicable, provide details on type of assistance received below].	Yes/No
Substantive Review was completed within 30 calendar days of receipt of a complete RCS package from the Owner	Yes/No

Based on my review, I agree / disagree with the suggested market rents in the RCS as supportable and within an acceptable range.

Substantive Reviewer Information

First name		
Last Name		
Title		
Telephone Number		
Email Address		
Date of Certification		
State Certification Number (if applicable)	<i>if the reviewer is a certified appraiser</i>	

Next Steps (to be filled only if applicable)

Issues Memo prepared and submitted to HUD's Regional Director (or equivalent) for approval	Yes/No
Recommend a HUD-commissioned RCS due to significant issues in the RCS	Yes/No
If Other reasons, type here.....	Yes/No

Substantive Reviewer's Certification